

University of Groningen

Gender and small business growth in Tanzania

Tundui, Hawa P.

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version

Publisher's PDF, also known as Version of record

Publication date:

2012

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Tundui, H. P. (2012). *Gender and small business growth in Tanzania: the role of habitus*. University of Groningen, SOM research school.

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

Gender and Small Business Growth in Tanzania: The Role of Habitus

Hawa Petro Tundui

2012

Publisher: University of Groningen, Groningen, the Netherlands

Printed by Ipskamp Drukkers B.V., the Netherlands

ISBN: 978-90-367-4920-6

978-90-367-4921-3 (e-book)

Copyright © 2012, Hawa Petro Tundui

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system of any nature, or transmitted in any form or by any means, electronic, mechanical, now known or thereafter invented, including photocopying or recording, without prior written permission of the author.



rijksuniversiteit
 groningen

Gender and Small Business Growth in Tanzania: The Role of Habitus

Proefschrift

ter verkrijging van het doctoraat in de
Economie en Bedrijfskunde
aan de Rijksuniversiteit Groningen
op gezag van de
Rector Magnificus, dr. E. Sterken,
in het openbaar te verdedigen op
donderdag 23 februari 2012
om 16.15 uur

door

Hawa Petro Tundui
geboren op 30 oktober 1969
te Manyoni, Tanzania

Promotores: Prof. dr. L. Karsten

Copromotor Dr. C.H.M. Lutz

Beoordelingscommissie: Prof. dr. S. Beugelsdijk
Prof. dr. E. Masurel
Prof. dr. J. Ulijn

DEDICATION

This work is dedicated to my dear family: Charles, Lisalyne, Naomi, Gloria, and Grace. With love.

Acknowledgements

The completion of this doctoral thesis would not have been possible without the generous assistance and contributions made by many people. First, I thank the Almighty God for his protection: for all journeys to/from Netherlands and for the whole period of my study.

Second, I am indebted to all the people who, in one way or the other, facilitated my research endeavour. I am particularly indebted to my supervisors, Prof. Dr. Luchien Karsten and Dr. Clemens H.M. Lutz of University of Groningen. They guided and challenged me; their guidance helped me to remain determined to the completion of this work. Although they are my supervisors, they also cared for my social welfare, family, and career growth. I sincerely thank them and their families.

Third, I am thankful to the useful comments and suggestions given by the reading committee: Prof. dr. Jan Ulijn, Prof. dr. Enno Masurel, and Prof. dr. Sjoerd Beugelsdijk. They accepted to spent their time reading this manuscript, in which they provided valuable comments. I am also very grateful to other people who have commented on the chapters in this thesis, in particular Dr. Florian Noseleit and Dr. Padma R. Sahib, both from University of Groningen. I also express my appreciation to the members of Innovation, Management and Strategy Department at University of Groningen for their cooperation and guidance. I am indebted to my close fellow doctoral students at the University of Groningen (some of whom are postdoctoral): Ernest, Jim, Khoi, Matthias, Getahun, and Nurul. Thank you for the moral support and fruitful discussions. I also thank Matthias Olthaar and Jorinde ten Hoeve for their willingness to be my paranyphms in the thesis defence ceremony.

Fourth, I am indebted to Mzumbe University (my employer), which, through the Nuffic project, provided the scholarship for my research and for giving me study leave to undertake this study.

Fifth, my gratitude goes to all people who made my stay in the Netherlands pleasant. I would like to thank the secretaries (SOM and IMS): Ellen, Arthur, Truusje, Jeanette and Karin for helping me out and creating warm

working environment. I also thank Gonny and Wiebe from international relations office for all the assistance they provided. My gratitude to the leadership of Christelijk Centrum Groningen (CCG) and all church members for their moral support and prayers. Special thanks to Dajo and Antonia and all the international small group members; they encouraged me and prayed for me tirelessly. I also thank all members of the prayer group at Faculty of Economics and Business for their support and prayers. Thanks to my friends: Margreth, Agape, Happy, Alice, Deborah, and Magdalena. Thank you so much for your support, and may God richly bless you all!

Sixth, I am grateful to the Church leadership and individual members of CAG-Canaan Christian Worship Centre in Tanzania, for their prayers and support to my family and to myself when I was away for studies. Special thanks go to Pastors: Z. Ryoba, E. Makundi, M. Shadrack, E. Eford, and P. Masunzu. I also thank Mr. and Mrs. Maseki, Mrs. E. Mlay, Dr. Lymo, and Mr. A. Mwilawa. God bless you all!

Seventh, I am greatly indebted to my husband, Charles Tundui, and to my children- Lisalyne, Grace, Naomi, and Gloria, for the moral support and sacrifices they made so that I could pursue this study. My absence gave them a difficult time that words may never be able to explain. It is their love and commitment that kept me motivated to complete this work. I thank and love them dearly.

Eighth, special thanks to my parents, though they did not live long enough to see this achievement. I thank my father, who saw the opportunities before me and sacrificed a great deal to educate a girl against society's wishes and advice. I thank my mother, who taught me to work hard and to be independent. The habitus they instilled in me, has contributed to this achievement. I love them dearly. I also give many thanks to my brothers and sisters for their moral support and their prayers.

Last but not least, I am very grateful for the help I received from the small business owners who participated both in the case studies and in the survey. It was their hospitality, support and cooperation that greatly enriched my understanding, which led to writing of this thesis.

Hawa Petro Tundui

Groningen, 2012

Table of Contents

DEDICATION	I
ACKNOWLEDGEMENTS	II
TABLE OF CONTENTS	V
LIST OF TABLES	IX
LIST OF FIGURES	XI
CHAPTER 1: INTRODUCTION	1
1.1 BACKGROUND INFORMATION	1
1.2 RESEARCH PROBLEM	2
1.3 RESEARCH QUESTIONS	4
1.4 DEFINITIONS OF KEY TERMS	6
1.4.1 <i>Small Business</i>	6
1.4.2 <i>Entrepreneur</i>	7
1.4.3 <i>Bourdieu and Habitus</i>	8
1.5 SOCIETAL AND SCIENTIFIC RELEVANCE OF THE STUDY	9
1.6 A PREVIEW OF SUBSEQUENT CHAPTERS	9
CHAPTER 2: LITERATURE REVIEW.....	13
2.1 INTRODUCTION	13
2.2 THE CONCEPT OF THE ENTREPRENEUR	13
2.3 GENDER DIFFERENCES	16
2.3.1 <i>Perspectives on Gender Differences</i>	16
2.4 FIRM GROWTH THEORIES	17
2.5 SOCIOLOGICAL THEORIES AND ENTREPRENEURIAL PERFORMANCE	19
2.5.1 <i>Bourdieu's Theory of Practice</i>	19
2.5.2 <i>Social Learning Theory</i>	27
2.5.3 <i>Social Stratification Theory</i>	27
2.6 PSYCHOLOGICAL THEORIES AND ENTREPRENEURIAL PERFORMANCE	28
2.6.1 <i>Motivation Theories</i>	29
2.6.2 <i>Personality Traits</i>	30
2.6.3 <i>Personality Traits and Habitus</i>	33
2.7 GENERAL CONCEPTUAL FRAMEWORK	35
2.8 EMPIRICAL STUDIES	36
2.8.1 <i>Cultural Capital</i>	36
2.8.2 <i>Social Capital and Networks</i>	40
2.8.3 <i>Financial Capital</i>	41
2.8.4 <i>Habitus</i>	42
2.8.5 <i>Growth Aspirations</i>	44
2.8.6 <i>Gender Differences</i>	46
2.8.7 <i>Childhood Socio-economic Status</i>	47
2.8.8 <i>Firm Specific Characteristics</i>	49
2.9 CONCLUSION FROM EMPIRICAL STUDIES	51

CHAPTER 3: RESEARCH METHODS.....	53
3.1 INTRODUCTION	53
3.2 CASE STUDY	53
3.3 SURVEY STUDY	54
3.3.1 Area of Study.....	54
3.3.2 The Sampling Procedure.....	55
3.3.3 Sample Size	56
3.4 MEASUREMENTS OF VARIABLES.....	56
3.4.1 Business Growth Measures	56
3.4.2 Habitus.....	58
3.4.3 Cultural Capital.....	60
3.4.4 Social Capital.....	63
3.4.5 Financial Capital.....	63
3.4.6 Gender Effects.....	64
3.4.7 Firm Characteristics	64
3.4.8 Demographic Characteristics	64
3.4.9 Data Collection Methods	64
3.4.10 Reliability and Validity	65
3.5 DATA ANALYSIS METHODS	69
3.5.1 Qualitative Data.....	69
3.5.2 Quantitative Data.....	69
3.6 CONCLUDING REMARKS	71
CHAPTER 4: HABITUS AND SMALL BUSINESS GROWTH IN TANZANIA: QUALITATIVE EVIDENCE.....	72
4.1 INTRODUCTION	72
4.2 THE CONCEPT OF HABITUS	73
4.3 RESEARCH METHODS	73
4.4 FINDINGS	75
4.4.1 Profile of Owner-managers and Business Profile.....	75
4.4.2 Cultural Capital and Owner-managers' Aspirations.....	77
4.4.3 Social Capital and Aspirations	86
4.4.4 Owner-Manager's Perceptions.....	87
4.4.5 Habitus in Managing Financial Capital (Actions).....	90
4.4.6 Habitus (Actions) and Business Performance.....	92
4.4.7 Habitus in Managing Challenges (Actions).....	94
4.5 CHAPTER SUMMARY.....	97
4.6 CONCLUSION AND REFLECTIONS FROM THE CASE STUDIES	99
CHAPTER 5: DESCRIPTIVE ANALYSIS OF THE DATA.....	103
5.1 INTRODUCTION	103
5.2 SAMPLE CHARACTERISTICS	103
5.2.1 Sample Distribution by Gender.....	103
5.2.2 Sample Distribution by Age.	104
5.2.3 Sample Distribution by Marital Status.....	104
5.2.4 Sample Distribution by Education level.....	105
5.2.5 Distribution of Sample by Ethnicity	106
5.3 BUSINESS GROWTH	107

5.4 HABITUS	108
5.4.1 Perceptions	108
5.4.2 Aspirations	110
5.4.3 Actions	111
5.5 CULTURAL CAPITAL	113
5.5.1 Education Level	113
5.5.2 Childhood Socio-Economic Status	114
5.5.3 Social Environment	115
5.5.4 Role Model	116
5.5.5 Ethnicity	116
5.5.6 Previous Occupation	117
5.5.7 Management Experience	118
5.6 SOCIAL CAPITAL	118
5.6.1 Professional Networks	118
5.6.2 Informal Networks	120
5.6.3 Benefits Received through Networking	121
5.7 FINANCIAL CAPITAL	122
5.7.1 Start-up Capital	122
5.7.2 Current Financial Capital	123
5.7.3 Access to Loan	123
5.8 BUSINESS CHARACTERISTICS	125
5.8.1 Firm Age	125
5.8.2 Firm Size	125
5.8.3 Legal Status	126
5.9 BUSINESS GROWTH AND OTHER VARIABLES	127
5.10 CHAPTER SUMMARY	129

CHAPTER 6: CAPITALS AND GROWTH ASPIRATIONS: THE ROLE OF GENDER AS A MODERATOR..... 131

6.1 INTRODUCTION	131
6.2 THEORY AND HYPOTHESES	133
6.2.1 Entrepreneurial Growth Aspirations	133
6.2.2 Cultural Capital and Growth Aspirations	134
6.2.3 Social Capital and Growth Aspirations	139
6.2.4 Financial Capital and Growth Aspirations	140
6.2.5 Gender and Growth Aspirations	141
6.2.6 Control Variables	142
6.3 METHODS	143
6.4 DESCRIPTIVE RESULTS	145
6.5 MULTIVARIATE ANALYSIS OF THE MODEL	149
6.5.1 Overall Model Evaluation	151
6.5.2 Hypotheses Testing	152
6.5.3 Gender Differential Effects	154
6.5.4 Testing Interaction Effects	157
6.6 DISCUSSION	161
6.6.1 Cultural Capital Effects	161
6.6.2 Social Capital Effects	162
6.6.3 Financial Capital Effects	162
6.6.4 Gender Differential Effects	163
6.7 CHAPTER SUMMARY AND CONCLUSION	166

CHAPTER 7: CAPITALS AND SMALL BUSINESS GROWTH: THE ROLE OF HABITUS AS A MEDIATOR.....	169
7.1 INTRODUCTION	169
7.2 VARIABLES AND HYPOTHESES.....	170
7.2.1 <i>Business Growth</i>	170
7.2.2 <i>Independent Variables</i>	172
7.2.3 <i>Habitus as a Mediator</i>	174
7.2.4 <i>Gender Differences in Business Growth</i>	175
7.3 STATISTICAL ANALYSIS.....	175
7.4 RESULTS	177
7.4.1 <i>Model Evaluation</i>	177
7.4.2 <i>Structural Model</i>	179
7.4.3 <i>Mediation Effects</i>	181
7.5 DISCUSSION	187
7.5.1 <i>Main Effects</i>	187
7.5.2 <i>Mediation Effects</i>	189
7.6 SUBJECTIVE BUSINESS PERFORMANCE MEASURE	190
7.7 CHAPTER SUMMARY AND CONCLUSION	193
CHAPTER 8: CONCLUSIONS AND RECOMMENDATIONS.....	197
8.1 INTRODUCTION	197
8.2 SUMMARY OF THE FINDINGS	197
8.3 CONTRIBUTION OF THE STUDY.....	199
8.4 IMPLICATIONS OF THE STUDY	201
8.5 LIMITATIONS AND SUGGESTIONS FOR FURTHER STUDY.....	202
REFERENCES.....	205
APPENDIXES	229
APPENDIX A: INTERVIEW GUIDE FOR OWNER-MANAGERS	229
APPENDIX B: QUESTIONNAIRE	231
APPENDIX C: CASES	235
SAMENVATTING (SUMMARY IN DUTCH).....	252

List of Tables

TABLE 3-1: NUMBER OF EMPLOYEES.....	57
TABLE 3-2: FACTOR LOADINGS	67
TABLE 3-3: THE SQUARED CORRELATION COEFFICIENTS.....	68
TABLE 4-1: OWNER-MANAGER’S PROFILE	76
TABLE 4-2: BUSINESS PROFILE	76
TABLE 4-3: CULTURAL CAPITAL AND ASPIRATIONS.....	78
TABLE 4-4: ROLE MODELS AND FUTURE ASPIRATIONS.....	85
TABLE 4-5: FINANCIAL CAPITAL INVESTED	92
TABLE 4-6: CONSTRUCT AND VARIABLES.....	101
TABLE 5-1: SAMPLE DISTRIBUTION BY GENDER	104
TABLE 5-2: SAMPLE DISTRIBUTION BY AGE	104
TABLE 5-3: SAMPLE DISTRIBUTION BY MARITAL STATUS.....	105
TABLE 5-4: SAMPLE DISTRIBUTION BY EDUCATION AND GENDER	106
TABLE 5-5: ETHNIC REPRESENTATIONS	106
TABLE 5-6: CAPITAL INVESTED	107
TABLE 5-7: SUBJECTIVE PERFORMANCE BY GENDER	108
TABLE 5-8: PERCEPTIONS BY GENDER	109
TABLE 5-9: BUSINESS GROWTH AND PERCEPTIONS.....	110
TABLE 5-10: ASPIRATIONS.....	110
TABLE 5-11: ASPIRATION AND BUSINESS GROWTH	111
TABLE 5-12: ACTIONS.....	112
TABLE 5-13: ACTIONS AND BUSINESS GROWTH	113
TABLE 5-14: EDUCATION BY GENDER.....	114
TABLE 5-15: CHILDHOOD SES BY GENDER	114
TABLE 5-16: SOCIAL ENVIRONMENT BY GENDER.....	115
TABLE 5-17: ROLE MODEL BY GENDER	116
TABLE 5-18: ETHNICITY BY GENDER.....	116
TABLE 5-19: PREVIOUS OCCUPATION BY GENDER	117
TABLE 5-20: MANAGEMENT EXPERIENCE BY GENDER	118
TABLE 5-21: AWARENESS OF PROFESSIONAL ORGANIZATIONS BY GENDER	119
TABLE 5-22: MEMBERSHIP TO PROFESSIONAL ORGANIZATIONS BY GENDER	119
TABLE 5-23: MEMBERSHIP TO INFORMAL NETWORKS BY GENDER.....	120
TABLE 5-24: INFORMAL NETWORKS BY GENDER	120
TABLE 5-25: NETWORKING BENEFITS BY GENDER.....	121
TABLE 5-26: RECEIVED BENEFITS	121
TABLE 5-27: START-UP CAPITAL BY GENDER	122
TABLE 5-28: SOURCES OF START-UP CAPITAL BY GENDER	123
TABLE 5-29: CURRENT FINANCIAL CAPITAL BY GENDER	123
TABLE 5-30: ACCESS TO LOAN BY GENDER.....	124
TABLE 5-31: SOURCES OF LOANS BY GENDER	124
TABLE 5-32: FIRM AGE	125
TABLE 5-33: FIRM SIZE (NUMBER OF EMPLOYEES)	126
TABLE 5-34: LEGAL STATUS	126
TABLE 5-35: CORRELATION MATRIX	128
TABLE 6-1: CONSTRUCT, VARIABLES AND HYPOTHESES.....	143
TABLE 6-2: MEASUREMENTS OF VARIABLES	144
TABLE 6-3: WORK ASPIRATIONS BY GENDER	145

TABLE 6-4: ACHIEVED ASPIRATIONS	146
TABLE 6-5: REASONS FOR NOT ACHIEVING ASPIRATIONS	146
TABLE 6-6: ACHIEVED ASPIRATIONS BY GENDER.....	147
TABLE 6-7: START-UP REASONS	147
TABLE 6-8: MEASUREMENTS OF GROWTH ASPIRATIONS.....	148
TABLE 6-9: GROWTH ASPIRATIONS AND GENDER	149
TABLE 6-10: WORK AND BUSINESS GROWTH ASPIRATIONS.....	149
TABLE 6-11: LOGISTIC REGRESSION OUTPUT FOR GROWTH ASPIRATION.....	153
TABLE 6-12: LOGISTIC REGRESSION FOR GROWTH ASPIRATION (FEMALE AND MALE MODEL)	156
TABLE 6-13: INTERACTION EFFECTS.....	158
TABLE 6-14: REASONS FOR NOT HAVING A LOAN	163
TABLE 6-15: EQUAL RIGHTS FOR EDUCATION	164
TABLE 6-16: EFFECTS OF DIFFERENT TREATMENTS ON THE ASPIRATIONS.....	164
TABLE 6-17: SUMMARY OF LOGISTIC RESULTS.....	167
TABLE 7-1: TOTAL EFFECTS AND DIRECT EFFECTS	180
TABLE 7-2: MEDIATION TESTS IN THE STRUCTURAL MODEL	182
TABLE 7-3: DIRECT AND INDIRECT EFFECTS OF GENDER.....	184
TABLE 7-4: CORRELATION MATRIX	186
TABLE 7-5: USE OF PROFITS	189
TABLE 7-6: TOTAL AND DIRECT EFFECTS (SUBJECTIVE PERFORMANCE MEASURE)	192
TABLE 7-7: SUMMARY OF PARTIAL LEAST SQUARE ANALYSIS	194

List of Figures

FIGURE 2-1: CONCEPTUAL FRAMEWORK.....	35
FIGURE 4-1: REFINED CONCEPTUAL FRAMEWORK.....	101
FIGURE 6-1: INTERACTION OF GENDER AND CHILDHOOD SES ON ASPIRATION	159
FIGURE 6-2: INTERACTION OF GENDER AND CURRENT CAPITAL SIZE ON ASPIRATION.....	160
FIGURE 6-3: INTERACTION OF GENDER AND FAMILY SIZE ON ASPIRATION	160
FIGURE 7-1: CONCEPTUAL FRAMEWORK.....	170
FIGURE 7-2: MEDIATION MODEL	176
FIGURE 7-3: DIRECT AND INDIRECT EFFECTS OF GENDER	184

Chapter 1: Introduction

1.1 Background Information

Over the past years, there has been an increase in female-owned businesses across the world. In the United States, in 1997 there were 5.4 million female-owned firms, employing more than 7.12 million people. In 2006, these numbers had increased to 7.7 million female-owned firms, employing more than 7.16 million people¹. Between 1991 and 2001, the rate of self-employment among Canadian women grew by 43% (Jennings and Cash, 2006). In 2005, approximately 866,000 Canadian women were self-employed, accounting for approximately one-third of self-employed people.² Similarly, there has been a growth in the number of self-employed women in the United Kingdom, from 899,000 in 1992 to 1,013,000 in 2006, an increase of 10% (Carter, 2006).³ Despite the increase in the number of female-owned enterprises and their increasing impact on the economy, most female-owned businesses have been concentrated in micro and small enterprises. This is especially true in developing countries. Herrington and Maas (2006) in GEM South African Report indicates that for a period of five years (2002-2006), most of the women who engaged in entrepreneurial activities were not graduating to higher levels of entrepreneurship⁴. In Tanzania, although there are no comprehensive data on the number of women in small and medium enterprises (SMEs), the University of Dar es salaam Entrepreneurship Centre (UDEEC) reports that most of the female-owned businesses are found in the informal and micro sectors (2002).

To improve the contribution of these small businesses in the development process, a larger proportion of these informal and micro enterprises must grow. There are several advantages associated with growing firms. First, as group, growing businesses generate most of the new jobs in an economy and increase productivity (Storey, 1994). Second, growing firms are more likely to innovate, because they may have access to greater financial and

¹ http://www.cfwbr.org/assets/344_statesoverviewwebcolorfac.pdf (accessed on 14.04. 2008)

² <http://www.ic.gc.ca/epic/site/sbrp-rppe.nsf/en/rd02039e.html> (accessed on 21.04.2008)

³ <http://www.prowess.org.uk/documents/WomensbusinessownershipSaraCarter.pdf> (accessed on 23.04 2008)

⁴ <http://www.gemconsortium.org/document.aspx?id=558> (accessed on 23.04.2008)

technological resources (Rothwell, 1989). Third, as firms grow, they become more formalized and therefore bound by tax and labour laws. This broadens the economy's viable tax base (Storey, 1994).

The increase of female-owned businesses has been followed by an increase in female entrepreneurship studies in the past few years (Kickul et al., 2010). However, these studies have provided inconclusive findings with regard to growth of female-owned businesses. Some studies have shown that women entrepreneurs deliberately choose not to grow their businesses (see Goffee and Scase, 1985; Lee-Gosselin and Grisé, 1990; Morris et al., 2006). These studies have focused only on female-owned businesses, and they did not compare them with male-owned businesses. Although these studies provide useful insights about women entrepreneurs' aspirations and the problems they face, the lack of male control groups prevents performance comparisons across gender. Moreover, when studies have made comparisons between male and female entrepreneurs, the empirical findings have produced mixed results. Some researchers have found that women are less motivated to grow their businesses than their male counterparts (Rosa et al., 1996), while other researchers (e.g. Cliff, 1998; Kolvereid, 1992; Storey, 1994) have found that male and female entrepreneurs seem equally likely to desire business growth. Therefore, these inconclusive findings call for further research.

1.2 Research Problem

The explanations for the identified gender differences in entrepreneurship performance tend to focus on either behavioural or structural factors. Scholars of behavioural theories (see Brockhaus, 1980; McClelland, 1965; Sexton and Bowman-Upton, 1990) have focused on trait factors in explaining entrepreneurial performance differences. In contrast, other researchers (see Du Rietz and Henrekson, 2000; Fabowale et al., 1995; Glancey, 1998) have focused on structural factors to explain the differences. However, these studies have attempted to explain performance differences from a one-sided perspective. In other words, this behavioural–structural dichotomy replicates the traditional structure–agency divide in social theory. Behavioural theory scholars tend to overlook the impact of social factors on individual motivation, and structuralist theories have a tendency to ignore the role of human action in dealing with social pressures (Gorton, 2000).

Whilst recognizing the importance of other theories that explain entrepreneurial performance, the current study is an attempt to approach this dichotomy by applying Bourdieu's framework in explaining differences found in small business performance—in particular, gender differences. Bourdieu does not discuss entrepreneurship directly in his theory; however, his framework has become increasingly influential within the social sciences, and his ideas present a useful framework for analysing the small business sector (see Gorton, 2000). In particular, we have applied the framework to explain why female-owned businesses tend to be less successful than their male-owned counterparts are. Several studies (see Fischer et al., 1993; Kalleberg and Leicht, 1991; Rosa et al., 1996) have shown that on average female entrepreneurs underperform compared with male entrepreneurs in terms of profitability and sales growth. The possible reasons⁵ for these gender differences are: either women are confronted with unequal access to resources and gender-based discrimination (Fischer et al., 1993) or gender differences in entrepreneurship are due to differences in early and on-going socialization processes (Bussey and Bandura, 1999).

The differences found in small businesses can be caused by what Bourdieu (1990) describes as the “habitus”, defined as a system of lasting and transposable dispositions that, integrating past experiences, functions at every moment as a matrix of perceptions, appreciations and actions and makes possible the achievement of diversified tasks. Habitus mediates between structures and the practices through which social life is conducted (Mahar et al., 1990). According to Bourdieu, habitus is developed during childhood as a person grows to understand her or his place in the social structure. The gendered nature of habitus is a consequence of the different possibilities that women and men perceive are available to them. By internalizing his or her place in the social structure, a person comes to appreciate which adult statuses and aspirations are possible to reach and which ones are impossible (Mickelson, 2003).

Researchers maintain that small businesses are embedded in two fields: as an enterprise within a market and as an institution entwined in family and social relationships. The market operates as a selecting mechanism, applying sanctions against economic agents and punishing or rewarding them according to realized performance (Gorton, 2000). In terms of social relationships, small businesses and their owners are embedded in gendered

⁵ For the details of these see section 2.3.1

social structures and shaped by gendered social relational practices and processes (Bird and Sapp, 2004). Small business owners typically develop their strategies on an intuitive and improvised basis, mediated by the culture of the moment and past experiences (Gorton, 2000).). Therefore, if we are to understand strategies and practices small business owners use to achieve a particular performance, we should study the practice and dispositions of owner–managers toward their plans. It is important to understand how thresholds for satisfaction are individually and culturally determined and how these thresholds emerge out of practice (Bourdieu, 1990). The formation and performance of a firm are inevitably embedded in the founder’s social world, in terms of both objective structures and subjective structures such as family background (Gorton, 2000).

Bourdieu’s framework has been applied in studies that investigate differences in education performance (DiMaggio and Mohr, 1985; Dumais, 2002; McClelland, 1990and). However, to our knowledge, we were not able to locate any studies that have applied Bourdieu’s framework in studying entrepreneurial performance differences. Only Gorton’s (2000) theoretical study does so to explain performance differences in the small business sector. Therefore, this study fills a gap in the literature by determining whether habitus plays a significant role in business performance. The general proposition is that a person’s gender, including his or her socialization process, has an impact on owner–managers’ aspirations and on business growth.

1.3 Research Questions

The purpose of this study is to contribute knowledge about gender differences found in entrepreneurial performance. As mentioned previously, there are mixed findings in relation to factors contributing to gender differences in business growth; therefore, the main research question is as follows:

How can we explain the impact of gender differences found in business growth?

To answer this question we develop two specific research questions that are explained next.

According to Bourdieu’s framework, individual practices are the results of a person’s habitus and capital in a given field. This study assumes that small business growth (practices) depends on entrepreneurial habitus and access

to resources in a given institutional setting.⁶ Both men and women may have the same capital available in the form of cultural capital, family or social networks, and finance needed for their business performance. However, the translation of the capital into practice may not be the same among male and female entrepreneurs. The translation will depend on the individual person's habitus, which forms through socialization processes and discursive practices and which become embodied and embedded in practices. Therefore, the first specific research question is as follows:

1. *To what extent does habitus mediate the relationship between gender and business growth and between capital and business growth?*

The literature review indicates that one way which habitus is revealed is through a person's aspirations. Several entrepreneurship researchers have studied owner-managers' growth aspirations, and some (see Barkham, 1994; Basu, 2004; Cliff, 1998; Davidsson, 1991; Elijah-Mensah, 2010; Kolvereid, 1992; Manolova et al., 2007; Morris et al., 2006; Olomi, 2001) have found that growth aspiration is a key determinant for small business growth. However, to our knowledge, these authors have not examined the influence of the social background (cultural capital passed down from the family) on owner-managers' aspirations. The particular interest in this is that culture and traditions play a significant role in shaping owner-managers' aspirations. To be more precise, socialization processes orient people toward particular goals; the use of the cultural capital acquired from their families provides the means necessary to achieve their goals (Bourdieu, 1986). This study examines whether there are gender differences in relation to the effects of capitals possessed by owner-managers on growth aspirations. This brings us to the following two research questions:

2. *To what extent do capitals influence owner-managers' growth aspirations?*
3. *Are there gender differences regarding the capitals influencing owner-managers' aspirations?*

Furthermore, existing literature has shown that male owner-managers perform better (in terms business growth) in businesses than female owner-managers (Cliff, 1998). However, Brush (1992) argues that female owner-managers might have different start-up motives for their businesses

⁶ Institutional setting is a business field that consists of the set of fundamental political, social, and legal rules that establishes the basis for production, exchange, and distribution (North, 1990).

compared to male owner–managers. Women may not be driven by financial goals for their businesses. In this regard, this study explores the following research question:

4. *Are there gender differences regarding how owner-managers are satisfied with their business performance?*

Based on the literature review (chapter two) and on the qualitative findings (chapter four), the research questions were translated into research hypotheses that were tested in chapter six and chapter seven.

1.4 Definitions of Key Terms

1.4.1 Small Business

Although the importance of Small and Medium Enterprises (SMEs) in contributing to economic development in different countries has been recognized, there is no single definition of what constitutes Small and Medium Enterprises, which is accepted by all countries (Carter and Jones-Evans, 2006).

Although the importance of SMEs in contributing to economic development in different countries has been recognized, there is no single definition of what constitutes SMEs accepted by all countries (Carter and Jones-Evans, 2006). For example, in the United States, the Small Business Act states that a small business is an independently owned and operated enterprise that is not dominant in its field of operation. However, the act also states that in determining what constitutes a small business, the definition will vary to reflect industry differences accurately. For example, in manufacturing and mining industries, a small business is one with 500 or fewer employees and \$7million in average annual receipts. In wholesale trade, a small business is the one which has 100 or fewer employees⁷.

The European Commission defines micro-, small-, and medium-sized enterprises as follows: A micro enterprise is a business with up to 10 employees; a small business has up to 50 employees, and a medium enterprise has less than or equal to 250 employees.⁸

⁷ <http://www.sba.gov/content/summary-size-standards-industry> (accessed online on 30.08.2011)

⁸ <http://www.out-law.com/page-3547> (accessed online on 16.12.2009)

In Canada, Industry Canada uses the term “SME” to refer to businesses with fewer than 500 employees, classifying firms with 500 or more employees as large businesses. Breaking down the SME definition, Canadian industry defines a small business as one that has fewer than 100 employees (if the business is a goods-producing business) or fewer than 50 employees (if the business is a service-based business). A firm that has more employees than these cut-offs but fewer than 500 employees is classified as medium-sized.⁹

In Tanzania where this study has been conducted, SMEs are defined according to sector, employment size, and capital investment in machinery, and they are categorized in terms of micro, small, and medium-size enterprises in non-farm activities, including manufacturing, mining, commerce and services. In terms of employees, a micro-enterprise is one with fewer than five employees (capital of maximum of TZS 5 million)¹⁰; a small enterprise has 5-49 employees (capital of maximum of TZS 200 million); a medium enterprise has 50-99 employees (capital of maximum of TZS 800 million); and a large enterprise has more than 100 employees and capital over 800 million (United Republic of Tanzania (URT), 2003).

In summary, SMEs have been defined using different criteria, and different countries have adopted slightly different definitions according to the local context. We limit our study to micro and small enterprises (MSEs) in Tanzania—that is, enterprises with a maximum capital of TZS 200 million. We chose this group because most female entrepreneurs are found in this sector; therefore, it was not difficult to get a large enough sample for comparative purposes.

1.4.2 Entrepreneur

Although researchers view entrepreneurship as an important factor in many countries’ development, and many have written about the entrepreneur and entrepreneurship, there is no generally accepted definition or model of these concepts (Chapter 2, section 2.2 presents different economic views on what constitutes an entrepreneur). This study examines reasons for existing gender differences in relation to small business growth rather than focusing on differences between entrepreneurs and non-entrepreneurs. Therefore,

⁹ <http://sbinfoCanada.about.com/od/businessinfo/g/SME.htm> (accessed online on 16.12.2009)

¹⁰ USD 1 was equivalent to TZS 1,329 as at 16th December 2009 (<http://www.bot-tz.org/>)

the main interest is in the individual entrepreneur who is the founder and active manager of the business. In this study, we have not restricted our definition of “entrepreneur” to those people who manifest an innovative behaviour, as suggested by Schumpeter (1934), because if we focused on innovative behaviour exclusively, a majority of those pursuing entrepreneurial and business activities in Tanzania would be excluded. Therefore, we consider an entrepreneur as a coordinator of resources and a person who perceives an opportunity and takes risks in starting a new business.

1.4.3 Bourdieu and Habitus

According to Bourdieu (1990), the reproduction of the social structure results from people’s habitus. He defines “habitus” as a system of lasting and transposable dispositions that, integrating past experiences, constantly functions as a matrix of perceptions, appreciations, and actions and makes possible the achievement of infinitely diversified tasks (Bourdieu, 1977:82–83). Bourdieu (1984:170) explains, “The habitus is necessity internalized and converted into a disposition that generates meaningful practices and meaning-giving perceptions. It is a general transposable disposition, which carries out a systematic, universal application—beyond the limits of what has been directly learnt—of the necessity inherent in the learning conditions.” Habitus is not an attitude. An attitude is a psychological tendency which is expressed by evaluating a particular entity with some degree of favour or disfavour (Eagly & Chaiken, 1993). According to Ajzen (2005) attitudes can change depending on the new available information.

One of the important features of habitus is that it is embodied: “the embodied history, internalized as a second nature and so forgotten as history” (Bourdieu, 1990:56). Habitus is composed of not only mental attitudes and perceptions but also durable ways of standing, speaking, walking, and thereby feeling and thinking (Reay, 1995). Habitus includes the totality of learned habits, bodily skills, styles, tastes, and other non-discursive knowledge that might be said to “go without saying” for a specific group of people (Butler, 1999).

Thus, Bourdieu's framework enables researchers to study gender differences in relation to business growth. Although the concept has not been used to study business performance directly, researchers have argued that habitus is equally applicable to gender practices as to those of social class (McClelland, 1990). Habitus has been used to study differences in education performance

among students (Dumais, 2002; McClelland, 1990), and gender socialization clearly has an important influence on a person's individual capabilities (Reay, 1995).

1.5 Societal and Scientific Relevance of the study

The significance of this study relies on both its academic performance and the practical usefulness of its findings. Regarding the academic contribution, the study contributes to the following knowledge gaps: First, the study uses Bourdieu's framework in explaining gender differences found in business performance. Second, in Tanzania, where the study was conducted, there are no comprehensive studies on gender-based differences in business growth. There are some studies that have focused only on women (see ILO, 2003; Rutashobya, 1995; Stevenson and St-Onge, 2005; UDEC, 2002). Women's studies provide useful insights about female-owned businesses, but the lack of male control groups prevents performance comparisons across gender. This is important because identifying gender-based differences will help policy makers in designing specific interventions, as different groups may require different types of assistance. Similarly, most studies on small business growth have been conducted in Western countries (see Almus and Nerlinger, 2000 [Germany]; Becchetti and Trovato, 2002 [Italy]; Davidsson et al., 2002 [Sweden]; Evans, 1987 [United States]; Hall, 1987 [United States]; Heshmati, 2001 [Sweden]; Kangasharju, 2000 [Finland]; and[]Kumar, 1985 [UK]; Rodríguez et al., 2003 [Spain]; Wagner, 1992 [Germany]. Therefore, it may be difficult to generalize these findings to other countries, especially to developing countries because of differences in economic, social, and cultural context.

Regarding practical implications of this study, the findings provide useful information to policy makers, on which they can rely when making decisions about improving small businesses performance, especially by female entrepreneurs. It is argued that to create realistic policies, an understanding of small business owners' daily practices is required, which has been lacking in the introduction of many support policies (Gorton, 2000).

1.6 A Preview of Subsequent Chapters

This chapter presents a general introduction to the research. Specifically, it includes the research problem, research questions, and significance of the

research. In summary, the purpose of this study is to contribute knowledge in understanding factors behind gender differences in small businesses by applying Bourdieu's theoretical framework.

Chapter 2 presents some theories and findings from previous studies that in some way have influenced the general framework of the study, and/or serve as a guideline for interpretation of analysis. The chapter concludes with a presentation of the conceptual framework for the study.

Chapter 3 discusses the research design and methods used in this study. The chapter covers the research design, the research area, sampling procedures, and data analysis methods. The chapter concludes with a discussion of the reliability and validity of measures used in this study.

Chapter 4 presents qualitative findings based on an in-depth study of a few business owners in Tanzania. This study is based on Bourdieu's theory of practice. Although this chapter focuses on the impact of the social background and personal experiences on owner-managers' aspirations and on business growth, the case study research provides an opportunity to examine in detail the aspirations, perceptions, and actions of small business owners in relation to personal history and experiences. The chapter concludes by indicating that the social background and personal experiences of the owner-manager contribute to their aspirations and even to the business growth.

Chapter 5 presents a description of the sample used in the survey study by using frequency tables complemented with brief discussions on how representative the sample is to the population of Tanzania. The chapter also presents descriptive findings regarding the relationship between capitals and growth aspirations and between capitals and business growth.

Chapters 6 and 7 present empirical findings based on the survey study. Chapter 6 explores the extent to which business owners' growth aspirations can be explained by their social background and experiences. The main research question is based on Bourdieu's theory that people who grow up in a relatively high social class are more likely to develop high aspirations and are more likely to have thoughts of success, to be able to see the connection between effort and reward. Therefore, we test this proposition, along with some control variables, using the logistic regression model.

Chapter 7 presents findings from an empirical analysis of the conceptual framework presented in Chapter 2. The focus of this chapter is to investigate the role of habitus as mediator between capitals, gender, and business growth. Using the partial least square method, we examine the effect of habitus through owner–managers’ aspirations, perceptions, and actions. The model also uses control variables such as business profile factors (e.g., firm size, firm age, legal status), and demographic characteristics (e.g., owner’s age, marital status).

Finally, Chapter 8 concludes the study with a summary of findings and implications. These conclusions and implications involve practical issues as well as some suggestions for the future theoretical and methodological development in the field of gender and entrepreneurship research.

Chapter 2: Literature Review

2.1 Introduction

Researchers from divergent fields such as economics, sociology, psychology, and anthropology have contributed to the entrepreneurship field. While recognizing the importance of these fields in explaining entrepreneurial performance, we have approached the current study from an economic sociology perspective. The basic assumption of economic sociology is that economic action is embedded in social structure (Uzzi, 1996). The current study is economic in the sense that certain concepts, variables, and types of explanation are borrowed from economic theories. The study is sociological in its use of sociological theories and explanations. The aim with the current study is to contribute knowledge to the entrepreneurship field by applying Bourdieu's theoretical framework in explaining differences found in small business performance—in particular, gender differences.

The theoretical portion starts by describing the concepts of the entrepreneurship and the entrepreneur as explained by economists, followed by a description of different perspectives of gender differences. We also present an economic view of firm growth. Next, we present Bourdieu's theoretical framework, followed by description of other theories that we believe to be the most plausible in relation to this study and applicable to small businesses. The theoretical part concludes with a presentation of the conceptual framework for this study.

2.2 The Concept of the Entrepreneur

Over time, there have been different economic approaches regarding the entrepreneur. Hebert and Link (1982, 1989) identify three schools of thought in relation to economic approaches of entrepreneurship: the Chicago approach (Knight and Schultz), the German or Schumpeterian approach (Thunen and Schumpeter), and the Austrian approach (Mises, Kirzner, and Shackle).

The Chicago school focus is that an entrepreneur is seen as *risk bearer*. According to this school of thought, an entrepreneur is someone who engages in exchanges for profit; specifically, he or she exercises business judgments in the face of uncertainty (Hebert and Link, 1982). Knight considers the entrepreneur a recipient of pure profit; the profit he or she receives is a reward for bearing costs of uncertainty. Knight identifies uncertainty with a situation in which the probabilities of alternative outcomes cannot be determined by either a priori reasoning or statistical inference (Knight, 1921). However, Knight did not offer a clarification as to how the entrepreneurial process should begin. He only explains the entrepreneurial profit, which is the income the entrepreneur receives for bearing uncertainty (Ripsas, 1998).

Innovation is the central element of the Schumpeterian theory of entrepreneurship (Hebert and Link, 1982). Schumpeter criticized Knight for not distinguishing between an entrepreneur and a resource owner. For Schumpeter, risk was not essential in the concept of entrepreneurship unless the entrepreneur is identical with the resource owner. In his view, the entrepreneur is not the risk bearer but the driving force in economic development (Ripsas, 1998). Schumpeter (1934) identifies five types of roles an entrepreneur plays:

- Introduction of a new good or an improvement in quality of an existing good,
- Introduction of new method of production,
- Opening of a new market – in particular an export market in a new territory,
- Use of some new source of supply of raw materials or intermediate goods,
- Creation of a new type of industrial organization - in particular the formation of trust or some other type of monopoly.

Anyone who performs these functions is an entrepreneur, whether they are independent businesspeople or dependent employees of a company, such as managers or directors. Thus, Schumpeter defined an entrepreneur as the prime mover in economic development, whose function is to innovate by carrying out new combinations (Schumpeter, 1934).

Kirzner and the Austrians view an entrepreneur mainly as a *discoverer of new opportunities* (Ripsas, 1998). For Kirzner, the adjustment of price is the main role of the entrepreneur; and alertness to disequilibrium is the

entrepreneur's distinguishing characteristic. Alertness enables some people to intervene in the market by changing the price, while other people simply respond by changing their buying and selling plans in the light of the newly quoted price. The entrepreneur believes that other people's actions are predictable and that is why he or she intervenes in the market process (Knight, 1921). Being alert to economic opportunities, the entrepreneur uses information advantages for his or her own profit, thereby beginning the market process. Learning is a central part of this process (Kirzner, 1978), and Casson underscores the importance of markets as a communication tool for the transmission of new knowledge: "Markets help people to communicate their discoveries to others and to learn of discoveries that other people have made" (Casson, 1982, p.369).

Casson (1982) identifies another approach to determining who is an entrepreneur. He modifies neo-classical assumptions by introducing concepts such as asymmetric information and the existence of transaction costs (Ripsas, 1998). He argues that people differ in not only tastes but also their access to information. People with similar tastes, acting under similar circumstances but with different information at their disposal, may make different decisions. The entrepreneur always takes decisions, which are different from everyone else in society; and believes that he is right, while everyone else is wrong. Thus, the essence of being an entrepreneur is having a different perception of the situation. The entrepreneur hopes to profit from this difference in perception by taking a different position than other people. For Casson, transaction costs represent opportunity costs of a market-making service that is required to overcome obstacles to trade; and an entrepreneur is the coordinator of market activities. Thus, Casson defines an entrepreneur as someone who specializes in taking judgmental decisions about the coordination of scarce resources.

From the preceding discussion, it can be concluded that for economists, entrepreneurship is about making a difference in the market. They all agree that an entrepreneur is different from other people in society. An entrepreneur is a person who introduces a new product/service or improves the existing one, or introduces the same product/service in new markets through innovation, dynamism, risk taking, and alertness. For the purposes of the current study, we consider an entrepreneur a coordinator of resources, a person who perceives an opportunity and takes risks in starting a new business.

2.3 Gender Differences

Scholars distinguish the terms gender and sex: Sex refers to biological aspects, and gender refers to the meanings attached to the differences between women and men within society (Costa et al., 2001). A person's sex (male or female) is based on physiological characteristics, whereas a person's gender (masculinity or femininity) is based on differences in social experiences (Ahl, 2006).

It has been argued that gender relationships vary in different environments and social-economic contexts (Berg, 1997). Men and women in societies are given different roles, activities, responsibilities, authorities and levels of power and values, which has resulted in the gendered division of labour; gendered access to resources, such as land and education; and men's more dominant control over decision-making processes. This has generated a discourse on tradition and ideology that legitimises and justifies this male control (Nchimbi, 2002).

2.3.1 Perspectives on Gender Differences

The identified gender differences in entrepreneurship research have been explained in various ways. Primarily, it is assumed either that women and men are different from each other or that they are in essence the same and it is the environment that which causes them to act differently.

2.3.1.1 Nature versus Nurture Perspectives

In general, researchers have explained differences found between women and men using two perspectives: nature or nurture. This debate focuses on the influence of heredity and environment on individual people's behaviour. The argument for the nature perspective is that gender differences are the results of biological nature. Researchers argue that genetic evolution has contributed to gender differences in human behaviour (Costa et al., 2001). That is, nature determines that men and women make different decisions in their lives. In contrast, sociologists, anthropologists, and psychologists (nurture perspective) argue that gender differences are initiated by early and on-going socialization processes (Carter et al., 1997).

2.3.1.2 Social and Liberal Perspectives

Feminist literature describes gender differences using two perspectives: social and liberal feminist perspectives. The liberal feminist perspective argues that, in essence, women and men are the same. The reason female entrepreneurs experience more problems or structure their firms differently than their male counterparts is that they are confronted with unequal access to resources and gender-based discrimination (Fischer et al., 1993). In their study, Cromie and O'Sullivan (1999) observed that UK organisations tend to have a more masculine-dominant culture, and the common mentality in these organisations is that women belong 'at home with the children'.

In contrast, the social feminist perspective argues that gender differences in entrepreneurship are due to differences in early and on-going socialization processes. These researchers argue that female and male entrepreneurs are essentially different, giving rise to different ways of viewing the world and, accordingly, different ways in which entrepreneurship is practiced (Fischer et al., 1993). This theory is based on the idea that society has different expectations and standards for the behaviour of men and women. People learn about gender and acquire sex-appropriate behaviour during childhood. The differences in social experiences of boys and girls lead to relatively enduring sex differences in attitudes, interest, skills, and personality traits that continue into adulthood (Bussey and Bandura, 1999).

In this study, we assume that different gender socialization processes lead to different ways of seeing the world and, accordingly, different ways of practicing entrepreneurship. If boys and girls have experienced different socialization processes, they will have different views of the world.

2.4 Firm Growth Theories

According to neo-classical economic theory, the size of the firm is determined by the efficient allocation of available resources utilized by available technologies. Accordingly, the observed business size is an efficient size, which means that long-term costs are minimized at that point. Neo classical economic theorists assume that firm growth follows the assumption of profit-maximizing behaviour and the shape of the production cost functions (Davidsson, 1991). Therefore, a firm will grow until it has reached the size at which long-term marginal costs equal price, which is assessed as the optimum size of the firm (You, 1995). According to this theory, growth

constitutes a limited process. However, the growth expansion experienced by large companies cannot be explained by this theory. To explain the continuous expansion of large firms, we must refer to a behavioural approach, which was initially developed by Baumol (1959), Penrose (1959), and Simon (1955). According to this approach, growth is a continuous process that arises the moment that management strives to exploit underused resources to the utmost, the only limit being the coordinating capacity of the management team to inspire confidence and security. Penrose (1959) argues that as firms expand, new managers are drawn in who require training and must be integrated into the existing organizational framework of the firm. The abilities and experience of new management personnel added to those already in the firm will lead to further potential for expansion, including diversification into new product areas (Penrose, 1995).

Another approach to explaining firm growth is that of Gibrat (1931), which has been named as Gibrat's Law or Law of Proportionate Effect. The law states that "the rate of growth of a firm is independent from its size at the beginning of the period, and probability of a given rate of growth during a specific time interval is the same for any firm within the same industry" (in Becchetti and Trovato, 2002:291). Regarding this law, several empirical studies have found a negative relationship between growth and size, indicating that smaller firms have higher growth rates than large ones (Becchetti and Trovato, 2002; Heshmati, 2001). To explain these deviations from the proportional growth law, Jovanovic (1982) proposes a theory of noisy selection. The theory emphasizes managerial efficiency and learning by doing as the key factors determining a firm's growth dynamics. Efficient firms grow and survive, while inefficient firms decline and fail. Size differences are explained not only by fixity of capital but also by the production efficiency of firms. Firm growth and survival are linked to the firm's size, age, and initial production efficiency, implying that the younger firms tend to grow more quickly than old ones.

The resource-based theory of the firm explains why some firms succeed and others do not. The resource-based view argues that sustainable competitive advantage is generated by the unique bundle of resources that the firm owns (Barney, 1991; Peteraf, 1993). In other words, the resource-based view describes how business owners build their businesses from the resources and capabilities that they currently own or can acquire (Barney, 1991). The theory addresses the central issue of how superior performance can be attained compared with other firms in the same market and posits that

superior performance results from acquiring and exploiting unique resources of the firm. According to this perspective, sustainable competitive advantage can be obtained through owning the resources, which are scarce, difficult to imitate, and valuable to the customers now and in the future (Peteraf, 1993; Wernerfelt, 1984).

In general, the firm growth theories described here emphasize important external and firm-related factors and the role of available resources in influencing business growth. Nevertheless, these theories ignore the role of the owner–managers’ social background and social relationships, such as family members, that are essential in shaping a person’s growth aspirations and behaviour. Therefore, in the next sections, we present sociological and psychological theories regarding entrepreneurial behaviour.

2.5 Sociological Theories and Entrepreneurial Performance

Sociological theories suggest that specific social contexts and reference groups influence entrepreneurial behaviour and performance. According to Harre and Gillet (1994), human behaviour is the sum of interactions of people with one another and with the environment. It is a collective activity, in which people work with others to fulfil their intentions and achieve their projects according to local rules and norms (Harre, 1999). Harre and Gillet (1994) argue that actions that people accomplish make up a discursive practice. A discursive practice is defined as the repeated and orderly use of some sign system, in which these uses are intentional and directed toward something. In addition, Harre and Gillet maintain that norms and rules emerging in historical and cultural circumstances operate to structure the things people do. People skilfully use cultural and discursive resources to accomplish their intentions. This view is in line with what Bourdieu (1986) argues: that an individual person’s expectations and aspirations depend on the cultural capital previously invested by the family. Therefore, we begin this section by presenting Bourdieu’s theory of practice, which contains major concepts for this study. Next, we present social learning theory and social stratification theory.

2.5.1 Bourdieu’s Theory of Practice

At the centre of Bourdieu’s theory of practice is the emphasis on three concepts: habitus, capital, and field. Bourdieu (1977) argues that capital, habitus, and field all work together to generate practice and that individual

practices are the results of a person's habitus and capital within a given field. The next sections describe these three concepts in detail.

2.5.1.1 *Habitus*

According to Bourdieu (1990), the reproduction of the social structure results from the habitus of people. He defines habitus as a system of lasting and transposable dispositions that, integrating past experiences, functions constantly as a matrix of perceptions, appreciations and actions and makes possible the achievement of diversified tasks (Bourdieu, 1977). Bourdieu (1984:170) argues that “the habitus is by necessity internalized and converted into a disposition that generates meaningful practices and meaning-giving perceptions. It is a general transposable disposition, which carries out a systematic, universal application—beyond the limits of what has been directly learnt—of the necessity inherent in the learning conditions”.

Bourdieu explains that habitus is developed during childhood as a person grows to understand her or his place in the social structure. Because of the social class position into which they were born, people develop ideas about their individual potential; for example, those in the working class tend to believe that they will remain in the working class. These beliefs are then externalized into actions that lead to the reproduction of the class structure (Dumais, 2002). One of the important features of habitus is that it is embodied: “the embodied history, internalized as a second nature and so forgotten as history” (Bourdieu, 1990:56). Habitus is composed of not only mental attitudes and perceptions but also durable ways of standing, speaking, walking, and thereby of feeling and thinking (Reay, 1995). Habitus includes the totality of learned habits, bodily skills, styles, tastes, and other non-discursive knowledge that might be said to “go without saying” for a specific group of people (Butler, 1999).

Although early childhood socialization is important, new experiences are constantly incorporated into a person's habitus (Webb et al., 2002). The influences of significant people, reference groups, social status, and ethnic group cultures have a critical impact on people's development and social trajectory and their conceptions of their possible future (Jacobs et al., 1991). Thus, past experiences, which include the effects of socialization processes and people's actions and observations, accumulate to produce a person's worldview, in particular future aspirations and expectations (McClelland, 1990). For example, people who grow up in a relatively high social class are

more likely to develop high aspirations and are more likely to have thoughts of success, to be able to see the connection between effort and reward, and to believe that they are capable of achieving ambitious goals than people from a less privileged class. The lack of resources or of friends and relatives with similar experiences to whom a person can turn for advice and encouragement continues to be a barrier for people from non-privileged social origins (McClelland 1990).

Although people's habitus can change with time, the major part of it remains influenced by early experiences. As people move through school and the labour market, they face different challenges and opportunities; however, they will not respond in the same way in handling a particular situation. Their habitus influences their actions. The impact of life experiences is filtered through the habitus, which represents the past as well as the present (Jacobs et al., 1991). As Bourdieu (1990:60) writes, "The principle of the differences between individual habitus lies in the singularity of their social trajectories, to which there correspond series of chronological ordered determinations that are mutually irreducible to one another. The habitus which, at every moment, structures new experiences in accordance with the structures produced by past experiences, which are modified by the new experiences within the limits defined by their power of selection, brings about a unique integration, dominated by the earliest experiences, of the experiences statistically common to members of the same class.

Bourdieu (1984:170) also argues that, "Different conditions of existence produce different habitus—systems of the generative schemes applicable, by simple transfer to the most varied areas of practice. The practices engendered by the different habitus appear as systematic configurations of properties expressing the differences objectively inscribed in conditions of existence in the form of systems of differential deviations which, when perceived by agents endowed with the schemes of perception and appreciation necessary in order to identify, interpret and evaluate their pertinent features, function as lifestyles". The set of agents placed in homogeneous conditions of existence imposing homogeneous conditionings will be able to produce homogeneous systems of dispositions and are capable of generating similar practices. In other words, people from different social classes will generate different practices.

Webb et al. (2002) argue that habitus helps us to know how people become themselves and the ways in which those people engage in practices. With regard to gender, Reay (1997) maintains that Bourdieu's concept of habitus

enables us to understand women as a complex combination of their past and present. The gendered nature of habitus is a consequence of the different possibilities that women and men perceive as available to them. When a person internalizes his or her place in the social structure, he or she comes to appreciate which adult statuses and aspirations are possible to reach and which ones are impossible (Mickelson, 2003). According to Reay (1995), gender norms are secured through the internalization and embodiment of particular structures and dispositions.

According to Webb et al. (2002), in general, habitus is associated with the following points: First, knowledge about our understanding of the world, our beliefs, and value, is always constructed through the habitus. Second, people are inclined toward certain attitudes, values, or ways of behaving because of the influence put forth by their cultural trajectory. Finally, the habitus is always revealed in moments of practice and operates at a level that is at least unconscious. It is brought out when a set of dispositions meets a particular problem, choice, or context.

2.5.1.2 Capital

According to Bourdieu (1977), *capital* includes all the goods, material, and symbols, without distinction, that present themselves as rare and worthy of being sought after in a particular social formation. He distinguishes three forms of capital: *social capital* (resources based on group membership, relationships, or networks of influence and support), *cultural capital* (forms of knowledge, skills, education, and advantages that give a person a higher status in society), and *economic capital* (command over economic resources: cash and assets). Capital must exist within a field for it to have meaning and participants to associate with it (Mahar et al., 1990). The next section describes these types of capital in detail.

Cultural Capital

Bourdieu (1993) defines cultural capital as forms of knowledge, skills, education, and any advantages that give a person a higher status in society, including high expectations. According to Bourdieu, cultural capital can be acquired, to a varying extent, depending on the period of time, the society, and the social class (1986). Bourdieu uses cultural capital to explain differences in educational performances in France: He maintains that differences in educational performance depend on the cultural capital, which has been passed down by the family, which, in turn, is largely dependent on

social class. Different capabilities and competences are determined by cultural capital obtained from the family (Dumais, 2002). Bourdieu argues that children who have more cultural capital (having been exposed to it from birth in their upper-middle- and upper-class families) feel more comfortable in schools, communicate easily with teachers, and are therefore more likely to perform well in schools. Conversely, lower-class students find the school environment different from their home environment and therefore lack the cultural capital necessary to perform well in school (De Graaf et al., 2000).

Social Capital

Bourdieu (1986:249) defines social capital as "the aggregate of the actual or potential resources which are linked to possession of a *durable network* of more or less institutionalized relationships of mutual acquaintance and recognition." He treats the concept as instrumental, focusing on the advantages that owners of social capital can have; and the deliberate construction of sociability for creating this resource (Portes, 1998). Apart from Bourdieu, Coleman (1988) defines social capital in terms of the *social relationships* established between people, authority, and relationships of trust and norms. Like other forms of capital, social capital is productive, making it possible to achieve certain goals that would not be possible in its absence. Coleman identifies three distinct forms of social capital: obligations and expectations, information channels, and social norms. In addition, Putnam (1995:67) also defines social capital as the characteristics of the social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit.

Groen et al. (2008:63) defines social capital as the network connections of an actor that directly or indirectly give access to other actors. It is the set of network relations through which actors can utilize, employ, or enjoy the benefits of capital that is controlled or owned by other actors. Similarly, Kirwan et al. (2007) refers social (or network) capital of entrepreneurs to the assets (resources) they derive from the networks to which they belong.

In relation to entrepreneurship, social capital provides sources for accessing important information and opportunities necessary for business start-ups and for business growth (Renzulli, Aldrich and Moody, 2000). In addition, social networks provided by family members, community people, or organizational relationships can supplement the effects of other capitals

(Bourdieu, 1986; Coleman, 1988; Davidsson and Honig, 2003; Whiteley, 2000).

Economic Capital

According to Bourdieu, economic capital is the ability to command over economic resources (i.e., cash or assets), and is that which is immediately and directly convertible into money (Bourdieu, 1986). Capital must exist within a field for it to have meaning and participants to identify with it. In other words, goods or resources must be perceived as “rare and worthy of being sought after in a particular social formation” (Bourdieu, 1977:178). Economic capital is more than financial capital. However, in this study we only focus on financial capital size and access to capital through loans.

Financial capital is a significant obstacle that hinders small entrepreneurs from expanding their businesses (Hughes and Storey, 1994). Small entrepreneurs starting up a business usually have little financial capital with which to finance their businesses, and access to capital from other sources is difficult to acquire. Most small entrepreneurs use their own sources for financing their businesses. However, if they want to grow more, external capital is needed (OECD, 1998). External capital is an important source for small enterprises. However, financial institutions such as banks are often reluctant to lend money to small entrepreneurs because of either low expected profit margins or asymmetrical information and high risks (Verheul, 2005). This study investigates how small business owners in Tanzania are financing their businesses.

2.5.1.3 Field

The concept of field is defined as a social arena in which people manoeuvre and struggle in pursuit of desirable resources (Moi, 1991). It is a competitive system of social relations, which functions according to its own specific rules. For example, politics, religion, education, and business are all fields (Corsum and Costen, 2001), which function in a different way. These fields are treated on a hierarchical basis and the dynamics of fields arises out of the struggle of social actors trying to occupy dominant positions within these fields (Bourdieu, 1977).

2.5.1.4 Bourdieu and Gender Differences

The main research question for this study is, “*How can we explain gender differences found in business growth?*” Previously, we mentioned that the differences found in small businesses can be caused by what Bourdieu (1990) describes as the habitus, which is developed through childhood socialization. The attitude toward gender differences draws heavily on every day (discursive) practices in the sexual division of labour in societies (Wilson et al., 2007). Bourdieu (2001) explains how people have embodied the historical structures of the masculine order in the form of unconscious schemes of perception and appreciation:

“Male domination is so rooted in our collective unconscious that we no longer even see it. It is so in tune with our expectations that it becomes hard to challenge it.[...] It is an effect of what I would call symbolic violence, a gentle, imperceptible and invisible even to its victims, exerted for most part through the purely symbolic channels of communication and cognition (more precisely mis-recognition), recognition, or even feeling” (Bourdieu, 2001:1–2).

A gendered view of the world is stored in our habitus (Krais, 2000), which is a consequence of discursive practices in our societies. The differences of nature and the division of labour between women and men are accepted by inscribing them in a system of differences. The differences seem natural, normal, and inevitable; therefore, they become schemes of perception, aspirations, and action (Bourdieu, 1990). According to Reay (1995), gender norms are secured through the internalization and embodiment of particular structures and dispositions. Therefore, when a person internalizes his or her place in the social structure, he or she comes to appreciate which adult statuses and aspirations are possible to reach and which ones are impossible (Mickelson, 2003).

Ahl (2006) states that the discursive practices help shape the discourse on any phenomenon in our societies. A dominant discourse of women as primarily suited for childcare means that society’s institutions are likely to do the same and prefer a social arrangement in which the man is responsible for household income and the woman is responsible for taking care of children. A discourse of equality between men and women regarding careers and childcare will result in different arrangements; for example, governments may offer some childcare allowances, so that both parents can

work. Such discourses have different consequences for the actions taken by women or men in societies.

In the field of small business, the dominant habitus is that of men. The dominant actor in the field seeks to manipulate the boundaries of the field, rules of play, and definitions of success (Bourdieu and Wacquant, 1992). To be successful in business, women must play by the rules and boundaries established by men. Historically, women have been perceived with negative qualities and men with positive ones (Wilson et al., 2007). Chaganti (1986) identifies some qualities that have been associated with female entrepreneurs. Female owner-managers have been said to be low in assertiveness, lack management and planning skills, not aggressive, not independent, and risk averse. In contrast, male entrepreneurs have been identified as self-reliant, assertive, dominant, aggressive, and independent and having a strong personality and leadership skills (Ahl, 2006). These male qualities have been associated with successful entrepreneurs (Chaganti, 1986). Ahl (2006) compares masculinity words (from Bem's study, 1981) with entrepreneur words; she finds similarities between the two. In addition, Cohen and Musson (2000) asked female owner-managers to identify characteristics of an entrepreneur, which resulted in the following list: innovation, perseverance, dynamism, autonomy, aggressiveness, individualism, and risk taking. Although these women were aware of these qualities, some of them felt no sense of identification with them and had an image of the entrepreneur as having little relevance to their own lives and experiences. The traits were linked to male owner-managers.

Therefore, because of historical inherited state formations and discursive practices of cultural production, even entrepreneur and entrepreneurship concepts have masculine connotations. Because of these discursive practices, ways of thinking, perspectives on the world, patterns of perception, and the principles of judgment and values at work in a society have all gone into the habitus. Bourdieu (2001:1) says, "Individuals have embodied the historical structures of the masculine order in the form of unconscious schemes of perception and appreciation"; even the victims (women) have accepted the practices. In some societies, women are subjected to patriarchal pressures that cause them to believe that they cannot achieve without the help of men. Therefore, women from these societies will have a different view of the world in terms of aspirations and a different method of entrepreneurship practices.

2.5.2 Social Learning Theory

The social learning theory of Bandura (1977) emphasizes the importance of observing the behaviours, attitudes, and emotional reactions of others. Social learning can occur through the observation of behaviour in others (in either a family or a society), often referred to as “role models.” Learning processes transmit social norms, language use, educational aspirations, and shapes career preferences through observational learning and modeling (Bandura, 1977). By observing others, a person forms an idea of how new behaviours are performed, and on later occasions, this coded information serves as a guide for action. According to the social learning theory, if the observer values the reinforcements or recognizes the positive outcomes of such behaviour, he or she will attempt to replicate the model’s behaviour and obtain similar types of reinforcement. In relation to career selection, researchers have argued that role models are an important environmental pull factor into a person’s decision to engage in entrepreneurship (Scherer et al., 1989).

2.5.3 Social Stratification Theory

Although there is no generally agreed-on definition of social class, most people agree that there is social stratification in different societies (Crompton, 1993). Marx used the concept of class to explain social organization in terms of understanding the ownership, means, and control of work processes and material wealth (Nesbit, 2006). According to Marx, social class relationships are connected to production relationships; that is, through the ownership and control of means of economic production. Marx identified two social classes: the bourgeoisie, the owners and controllers of the means of production, and the proletariat, the workers (Crompton, 1993).

In contrast, Weber (1968) argues that class is better defined by also including notions of culture, values, religion, politics, and lifestyle. People who fall within the same economic class may nevertheless occupy different social class positions and have differing opportunities for acquiring work, earning income, developing skills, obtaining education, and owning property. According to Weber, a person’s social class is based more on these life chances, cultural background, status, and life outside work than on his or her relationship to the ownership and control of the means of production (Nesbit, 2006).

Bourdieu also defines a social class as any grouping of people sharing similar conditions of existence and tendencies or dispositions (Bourdieu and Passeron, 1977). He argues that a person's position in a society is obtained through the possession of various forms of capital—economic, cultural, social, or symbolic. Bourdieu's concept of class thus takes into account other stratifying factors, such as gender, race, ethnicity, place of residence, and age. Class structures are not predetermined or imposed from without but more subtly reproduced through habitus (Bourdieu, quoted in Nesbit, 2006).

In general, the sociological theories described here posit that women and men's choice of activities/careers in a particular society is influenced by local rules and norms (culture). The cultural context and discursive practices as well as daily individual social relationships provide resources, which in turn influence people to undertake a particular activity. Cultural factors and networks available to entrepreneurs of small concerns influence not only the choice of activity to be undertaken but also performance of that activity.

In this study, we define cultural capital after Bourdieu's definition: forms of knowledge, skills, education, and any advantages a person has, which give him or her a higher status in society. Moreover, theoretically, researchers have argued that people who grow up in a relatively high social class are more likely to develop high aspirations than those from a less privileged social class (McClelland, 1990). Likewise, the influences of significant persons, reference groups, social status, and ethnic group cultures have a critical impact on the development of people and their conceptions of their possible futures (Jacobs et al., 1991). Therefore, on the basis of these theoretical arguments, we extract the following variables under cultural capital: childhood socioeconomic status (SES), social environment, role model, ethnicity, education, and experience. People's habitus is captured through owner's aspirations, perceptions, and actions. Regarding social capital, we focus on the membership in different associations and the benefits accrued from the networks. For financial capital, we examine the sources and size of start-up capital and current financial capital.

2.6 Psychological Theories and Entrepreneurial Performance

Another approach that explains small firm growth holds that business growth is a result of conscious human action, which is in turn driven by personal motives (Tuck and Hamilton, 1993). Characteristics of owners and

managers of small firms, rather than firm-specific and environmental factors, will determine whether the firm grows. Davidsson (1991) argues that economic theories take the willingness to grow a business for granted by assuming profit maximization. He says that growth is a choice of the owner–manager and that profit maximization is only one of the possible motives for business growth. In this section, we present psychological theories (motivation theories and personality traits) in relation to what influences entrepreneurial behaviour and business growth.

2.6.1 Motivation Theories

Davidsson (1991) argues that growth of the small firm is deliberate, and therefore will depend on its owner’s attitude/aspirations and the way he or she perceives the business growth. Ajzen (1991) maintains that attitudes and beliefs are important in understanding why people behave the way they behave.

2.6.1.1 Theory of Planned Behaviour

Ajzen (1988) introduces the theory of planned behaviour, in which he suggests that a person’s intention to perform or not to perform is the most important immediate determinant of his or her action. According to this theory, intentions and behaviour are the function of three basic determinants:

- The person’s attitude toward the behaviour;
- The person’s perception of social pressure to perform or not perform the behaviour under consideration; and
- The sense of self-efficacy or ability to perform the behaviour of interest.

The key issue to this theory is the role of intention, which is assumed to capture the motivational factors that influence behaviour. Intentions are indications of how hard people are willing to try, and how much of an effort they are planning to exert to perform the behaviour. As a rule, “the stronger the intention to engage in behaviour, the more likely should be its performance” (Ajzen, 1991, p. 181). In general, people intend to perform a particular action when they evaluate it positively, experience social pressure to perform it, and believe they have the means and opportunities to do so (Ajzen, 1988).

2.6.1.2 Expectancy Theory

Vroom's (1964) expectancy theory is related to the previous one. This theory explains the process that a person passes through to make choices. It suggests that a person will act in a certain way on the basis of the expectation that the act will be followed by a given outcome and the attractiveness of that outcome to the person. Vroom introduces three variables in the expectancy theory: valence (V), expectancy (E) and instrumentality (I). Valence refers to the attitude people have toward rewards. The intensity of the desire for extrinsic (e.g., recognition, money, promotion, time off, affiliation, benefits) or intrinsic (e.g., increased self-esteem, fulfilment of personal standards) rewards causes behaviour. Expectancy refers to individual expectations and levels of confidence about what is achievable (e.g., if a task is considered too difficult, it might not be approached even though the rewards would be highly valued). Instrumentality refers to individual perceptions of whether the person will actually receive the desired reward(s). Therefore, expectancy and instrumentality are attitudes, which represent a person's perception of the likelihood that effort will lead to performance and performance will lead to the desired outcomes. These perceptions are influenced by the person's experiences, observations of others (role models), and self-perceptions (Scholl, 1981).

On the basis of the motivation theories described previously, we can conclude that people's choice of activities and careers in a particular society is determined by owner's aspirations, which is influenced by local rules and norms. In relation to entrepreneurship, owner-managers of small businesses will be motivated to grow their businesses if they believe that putting more effort will yield better performance; believe in their ability (i.e., having necessary skills) to perform a particular task successfully, and believe that when they complete certain actions, they will achieve the desired outcome.

2.6.2 Personality Traits

Psychological theory views entrepreneurs as people with unique values, attitudes, and needs that drive them and differentiate them from non-entrepreneurs (Cunningham and Lischeron, 1991). Researchers maintain that a person's needs, drives, attitudes, beliefs, and values are primary determinants of a particular behaviour. Lachman (1980) suggests that people who possess psychological characteristics have a greater tendency (or

potential) to perform entrepreneurial acts than people who do not possess such characteristics. Moreover, Mitton (1989) describes entrepreneurs as having certain psychological characteristics such as a total commitment to their cause, a need for total control, and a liking for uncertainty and challenge. Some of the main psychological traits identified in entrepreneurship literature are need for achievement, locus of control, willingness to take risk, self-efficacy, and innovativeness.

2.6.2.1 Need for Achievement

According to McClelland and Winter (1971), the *need for achievement* (n-Ach) is a strong psychological driving force behind human action in influencing entrepreneurial behavior. Researchers believe that people with a high need for achievement have a strong desire to be successful and are consequently more likely to behave entrepreneurially. Empirical evidence suggests that there is significant association between need for achievement and entrepreneurship (Johnson, 1990; Rauch and Frese, 2000; Robinson et al., 1991).

2.6.2.2 Locus of Control

Rotter (1966) proposes a model to measure *locus of control*—the extent to which people believe they control their own destinies. People with an internal locus of control believe themselves to be in control of their destinies. In contrast, those with an external locus of control believe that events outside their control or powerful people have a dominating influence over their lives. In relation to entrepreneurship, it is reasonable to assume that an entrepreneur will have a strong internal locus of control (Amit et al., 1993; Low and MacMillan 1988). This means that an entrepreneur believes in his or her capabilities to commence and complete things and events through his or her own actions. Researchers argue that people with a high internal locus of control are more likely to accept the personal responsibilities of operating their own business or entering a new market. Empirical tests of this theory show that internal locus of control tends to correlate positively with business success (Chell et al., 1991).

2.6.2.3 Propensity to Take Risk

A person's risk-taking propensity can be defined as an orientation toward taking chances in uncertain decision-making situations (Koh, 1996) or choosing more risky alternatives (Bird, 1989). Risk bearing is the key factor

in distinguishing entrepreneurs from managers, and others have suggested that the entrepreneurial function primarily involves risk measurement and risk taking (Palmer, 1971; Sarachek, 1978). Researchers believe entrepreneurs prefer to take moderate risks in situations in which they have some degree of control or skill in realizing a profit. Much of the entrepreneurship literature includes risk taking as a major entrepreneurial characteristic (Cunningham and Lischeron, 1991).

There is significant consensus that because any business undertaking is associated with some risk of failure, the successful entrepreneur is the one who takes calculated risk (Brockhaus, 1980; Chell et al., 1991; Timmons et al., 1985). This risk-taking psychological trait is similar to the way the Chicago School sees entrepreneurs as risk bearers.

2.6.2.4 Self-Efficacy

Perceived *self-efficacy* is defined as people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives. Self-efficacy beliefs determine how people feel, think, motivate themselves, and behave. A strong sense of efficacy enhances human accomplishment and personal well-being in many ways. People with high assurance in their capabilities approach difficult tasks as challenges to be mastered rather than as threats to be avoided (Bandura, 1997). Entrepreneurship scholars have found that self-efficacy is positively associated with the creation of a new independent organization (Shepherd and Krueger, 2002). Studies that examine differences between entrepreneurs and non-entrepreneurs have found that entrepreneurs tend to have a higher degree of self-efficacy than non-entrepreneurs (Bygrave, 1989; Robinson et al., 1991).

Prodan (2007) examined the impact of entrepreneurial self-efficacy to academic's intention to become an entrepreneur, and to academic's entrepreneurial engagement. The results indicate a significant relationship between entrepreneurial self-efficacy and the academic's intention to become an entrepreneur, but entrepreneurial self-efficacy was not an important predictor of an academic's entrepreneurial engagement.

2.6.2.5 Innovativeness

Innovativeness involves perceiving and acting on business activities in new and unique ways (Robinson et al., 1991). It is one of the recurring themes in

defining entrepreneurship (see Cunningham and Lischeron, 1991). As suggested by Schumpeter (1934) (see also section 2.2) and Mitton (1989), innovativeness is the focal point of entrepreneurship and an essential entrepreneurial characteristic. Evidence reported in the entrepreneurship literature shows that entrepreneurs are significantly more innovative than non-entrepreneurs (Robinson et al., 1991).

2.6.3 Personality Traits and Habitus

Section 2.6.2 presents psychological traits researchers have been used to differentiate entrepreneurs and non-entrepreneurs. In contrast, this study uses the concept of habitus to explain differences found among entrepreneurs and among female and male entrepreneurs. Therefore, this section discusses the differences between habitus and personality traits.

Psychologists define personality traits as consistent patterns of thoughts, feelings, or actions that distinguish people from one another (Johnson, 1997). They argue that these traits are genetically determined—that is, inherited (Loehlin, 1992). In contrast, Bourdieu (1977) defines habitus as a system of lasting and transposable dispositions that, integrating past experiences, function constantly as a matrix of perceptions, appreciations and actions and makes possible the achievement of diversified tasks. In other words, habitus is a system of long-lasting schemes or structures of perception, conception, and action (Bourdieu, 2005).

From these two definitions, it would seem that habitus is similar to trait, as both concepts refer to cognitions, motivations, and behaviours. However, the important difference is that habitus is non-natural; it is a set of acquired and embodied characteristics that are the product of social conditions and may be completely or partially common to people who are the product of similar social conditions (Bourdieu, 2005).

Another difference involves durability. Personality traits are believed to be stable over time; and they do not change easily (Costa and McCrae, 1994). In contrast, habitus is also durable; but it is an evolving system of dispositions. It is a product of history, but it can be modified by the influence of experiences (i.e., education, professional, and organizational socialization; Bourdieu, 2005). A person with a specific habitus has the capacity to adapt to new situations by using the internalized experiences in an innovative way. The degree of creativity is positively related to the variables of social contexts a person has been socialized through. However,

the primary socialization has a major influence, since each new situation has first to be translated through the initially acquired set of dispositions (Mayrhofer et al., 2004).

Moreover, personality traits are behavioural characteristics that define a person, whereas habitus is an embodied disposition that can be used as a *strategy* to achieve diversified tasks. People's actions are an outcome of their habitus (Polkinghorne, 2004).

In general, it can be argued that the psychologists approach these traits in an ontological way, whereas Bourdieu only characterizes intentions in an epistemological way: as constructs that may clarify certain behaviour in a field. In this study, these constructs are influenced by capitals, which in turn are translated into embodied dispositions (Lizardo, 2011).

Personality traits can be considered a part of habitus. However, according to Bourdieu, the acquisition of values, beliefs, and expectations are due more to socialization processes and unique experiences, especially during childhood, than to genetics. According to Bourdieu (1977), a person's aspirations and expectations are formed by internalization of objective probabilities of success. Children observe and learn, either consciously or unconsciously, from the relative success or failure of other people in their environment. Although a child is disposed to see the world the same way as the older generation of the same group, when the objective conditions of the material and social environment change rapidly, the new generation's habitus may change (Harker, 1984).

In this study, we follow Bourdieu's premise, that dispositions are developed through socialization processes, and we assume for this study that a person who has internalized dispositions related to economic or business activities will be more likely to have an entrepreneurial habitus, or a habitus that "fits" the business field. Specifically, entrepreneurial habitus is a habitus that enables owner-managers to translate capital into perception, aspirations, and actions that are relevant for their businesses. An entrepreneurial habitus ensures that a person perceives, thinks, and acts according to the settings of the business field, and his or her actions within this seem "natural." In Bourdieu's words, a person with an entrepreneurial habitus acts "intentionally without intention" (Bourdieu, 1990:12).

We assume that an owner-manager with an entrepreneurial habitus is more likely to achieve greater business growth than those who do not possess

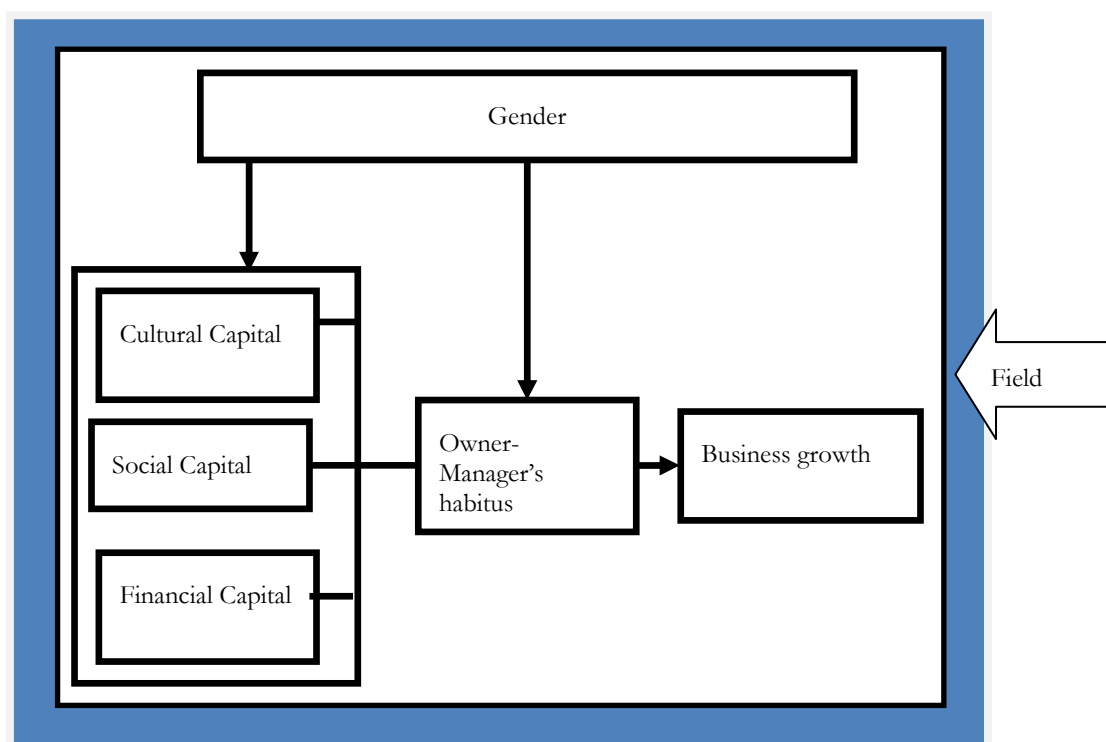
entrepreneurial habitus. However, we do not test this in the study; instead, we examine whether an entrepreneurial habitus is different for male and female owner–managers. Similarly, we examine how entrepreneurial habitus can mediate relationship between capital and business growth and determine the concomitant role of gender.

2.7 General Conceptual Framework

The purpose of this study is to examine gender differences in relation to small business growth. Figure 2-1 presents the conceptual framework derived from the foregoing discussion that we use as a guide in this study.

According to Bourdieu’s framework, individual practices are the results of a person’s habitus and capital within a given field. This study assumes that small business growth (practices) depends on entrepreneurial habitus and access to resources in a given institutional setting (business field). Both men and women may have the same capital in the form of cultural capital, family or social networks, and finance needed for their business performance. However, the translation of the capital into practice may not be the same among male and female entrepreneurs.

Figure 2-1: Conceptual Framework



The translation depends on the person's habitus, which is formed through socialization processes and through the discursive practices, and which becomes embodied and embedded in practices. In other words, through habitus, people can exploit capital more or less effectively. However, habitus is a mediating construct, not a determinate one.

This study conceptualizes *field*¹¹ as a business field consisting of the set of fundamental political, social, and legal rules that establish the basis for production, exchange, and distribution (North, 1990). However, we expect that political and legal rules will have the same effect to all businesses in Tanzania. We assume that social rules that constitute an objective hierarchy and produce and authorize certain discourses and activities (Webb et al., 2002) for different groups of people in a society will transform attitudes and practices of people within the groups. We focus on gender relations in social fields, specifically those that are embedded in discursive practices and expectations that allow men and deny women rights and opportunities for development. For example, in most ethnic groups in Tanzania, women are not allowed to own resources (in other words, have a command over economic capital, such as ownership of land). Therefore, these customs and traditions contribute to how women view the world in terms of their rights and opportunities.

This study explores the conceptual framework presented here in two phases. The study begins with a case study research, in which we explore the concept of the habitus in relation to business performance. Chapter 4 presents the results for this case study research and refines the model. Chapters 5, 6, and 7 present a survey study and its results.

In the next sections, we present empirical studies from other scholars in relation to the main constructs in the conceptual framework (i.e. cultural capital, social capital, financial capital, habitus and gender) (see figure 2-1).

2.8 Empirical Studies

2.8.1 Cultural Capital

Many scholars have examined cultural capital. Researchers in the education field (see De Graaf et al., 2000; DiMaggio, 1982; Dumais, 2002) have used

¹¹ In the figure above, field is an outer part (the shaded area).

the concept of cultural capital to explain differences in educational performances. They measure the concept as the participation in cultural activities like visiting art museums; going to concerts; taking art, dance or music lessons; or going to public library. DiMaggio (1982) finds that cultural capital enhances educational outcomes in high school grades. In addition, DiMaggio and Mohr (1985) find almost the same results in United States, that cultural capital has a positive net effect on postsecondary educational attainment of men and women. De Graaf et al. (2000) study the role of parental cultural resources in relation to education attainment of their children and find that parental reading behaviour affects children's educational attainment.

Dumias (2002) examines cultural participation of boys and girls in relation to their educational performance. The results show that female students and students from higher-socioeconomic class are more likely to participate in cultural activities. In addition, Dumias finds that cultural capital has a positive, significant effect on the grades of female students.

Apart from education researchers, we found few studies (see Franke et al. 1991, Granato et al. 1996) that have studied the effect of culture on economic performance at national level. Franke et al. use cultural measures¹² to evaluate differences in economic performance across 20 countries. Empirical analysis shows that the cultural factors explained more than half the variance in economic growth in different countries.

Granato et al. (1996) investigates whether cultural values¹³ have influence on economic performance in different countries. They find that both economic and cultural factors affect economic growth. They identify cultural variables as achievement motivation and postmaterialism values and measure economic growth by the rate of per capita economic growth. Using the regression method, the results show cultural values are also significant predictors of economic growth.

At the business level, we have found only one study (Basu and Goswami 1999) that includes cultural factors in explaining business growth. The

¹² Cultural factors included were power distance, individualism, masculinity, uncertainty avoidance, Confucian dynamism, integration, h-heartedness, and moral discipline.

¹³ Cultural factors were thrift, determination, obedience, and religious faith.

results show that both socioeconomic variables¹⁴ and cultural factors have significant influence on business growth.

Jenniskens et al. (2011) discuss the concept of cultural capital according to the definitions provided by Bourdieu (1986) and Bourdieu and Wacquant (1992), but they focused more on underlying values and norms systems. They argue that cultural capital relates connections in value and norms systems, and knowledge to maintain or change the patterns of behavior. And, the research into cultural capital should focus on both the underlying value and norms systems and the meaning of the observed behaviour of a group of people (Uhlener, et al., 2011).

In this study we adopt Bourdieu's definition of cultural capital which includes also forms of knowledge, skills, and education levels. Therefore, in the next section, we present empirical findings from previous studies regarding the influence of education level, specific skills, and previous experience on business growth.

2.8.1.1 Education level

Researchers have concluded that education equips people with knowledge and skills they need to effectively manage and succeed in their businesses. That is, as the level of education increases, this in turn increases an individual entrepreneur's ability to cope with problems and take hold of opportunities that are important to the growth of the firm (Storey, 1994). However, empirical findings on the relationship between owner's education and business growth are somewhat mixed. While some studies confirm a positive relationship between prior level of education and firm performance (Barkham, 1994; Cooper et al., 1994; Kangasharju, 2000), others have found that owner-managers' education is not significantly related to business growth (Barkham et al., 1996; Olomi, 2001). Moreover, Fischer et al. (1993) finds no relationship between education and size of the business.

Regarding the relationship between education level and growth aspirations, some studies show that those entrepreneurs with high levels of education are motivated to expand their businesses compared with those who have low levels of education (Davidsson, 1991; Kolvereid, 1992; Olomi, 2001). The reason for this relationship is that entrepreneurs with higher education

¹⁴ Socio-economic variables used in the study were the entrepreneur's education qualifications, previous experience, access to capital, and access to marketing information, while socio-cultural variables were entrepreneur's origin and religion

levels have the ability to perceive growth opportunities and solve problems that are caused by growth (Davidsson, 1991). However, Lau and Busenitz, (2001) find that education was not significantly related to growth aspirations among owner–managers in China. In addition, Welter (2001) finds that nascent entrepreneurs with no professional degree have higher growth ambition compared with those with higher education levels. A possible explanation for these results is that entrepreneurs with less education are not aware of difficulties associated with growing their businesses, whereas those with more education have knowledge about it.

In relation to gender differences and education level of entrepreneurs, some studies have reported that there are no significant gender differences in educational backgrounds among entrepreneurs (Birley et al., 1987; Brush, 1992; Fischer et al., 1993). However, some studies that have found that women are better educated than men (Nchimbi, 2002). Furthermore, Mills and Voerman (1997) find that female entrepreneurs in the Netherlands have fewer years in full-time education than male entrepreneurs.

2.8.1.2 Previous and Management Experience

Researchers have also found that an entrepreneur's previous employment experience increases not only the likelihood of him or her starting an own business (Lin, Picot, and Compton, 2000) but also the survival rates for businesses (Boden and Nucci, 2000). Research conducted in the United Kingdom in 2002, which involved surveying of young businesses that had actually achieved high growth during the first years of trading (defined as reaching an annual sales of £150, 000 by the end of the first year and £1 million by the end of the third year), indicates that 75% of the businesses were started by people with previous management experience gained in a medium or large organizations (Carter and Jones-Evans, 2006). In addition, Barkham (1994) finds that experience in a managerial, professional, technical/scientific or sales position influences firm size. Moreover, Olomi (2001) finds that there is a significant relationship between previous managerial experience and actual business growth. However, on analysing the impact of prior management experience on business performance, Boden and Nucci find that prior management experiences had no significant impact on survival rates (2000). Barkham et al. (1996) also find that managerial experience is not significantly related to business growth.

In gender-related studies, researchers have established that most women involved in entrepreneurship have less managerial experience than their

male counterparts (Watson and Robinson, 2003) and less prior experience in self-employment (Kalleberg and Leicht, 1990). Therefore, researchers have concluded that because female business owners bring less management experience to their businesses at start-up and that the nature of their experience differs from that of men, it is unlikely that female-owned businesses would grow in the same magnitude as male entrepreneur-owned concerns (Fischer et al., 1993). In Nchimbi (2002), no women had any management experience before they started their businesses, though they had more education compared with their male counterparts.

Regarding the relationship between previous experience and growth aspirations, we found different results from different studies. Kolvereid (1992) finds that previous entrepreneurial experience has no significant relation with growth aspirations. In contrast, Olomi (2001) finds that there is significant relationship between previous managerial experience and growth aspirations. In relation to specific industry experience, Orser et al. (1998) find that there is a positive relationship between previous experience and growth ambition.

2.8.2 Social Capital and Networks

Empirical work on social capital attributes differences between regions and countries in the level and rate of economic and social development to differences in the available stock of social capital. Previous research has argued that regions or countries with relatively greater stocks of social capital, in terms of generalized trust and widespread civic engagement, seem to achieve higher levels of growth compared with societies that do not have this capital (e.g., Brown and Ashman, 1996; Heller, 1996; Knack and Keefer, 1997; Whiteley, 2000). According to these studies, social capital contributes to efficiency and growth by facilitating collaboration between individual conflicting interests toward the achievement of increased output and equitable distribution.

Narayan and Pritchett (1999) study the impact of social capital on household income in villages in Tanzania. In this large-scale survey, respondents indicated the extent and characteristics of their associational activity and their trust in various institutions and people. Narayan and Pritchett find that the social capital of a household's village is as important in determining the household's income as are many of the household's own characteristics, such as schooling, assets, distance to markets, and gender of household head. They also find that members of households in villages with more

social capital are more likely to enjoy better public services, use advanced agricultural practices, join in communal activities, and use credit for agricultural improvements.

At the business level, studies have also established that there is a positive relationship between utilizing appropriate networks and the rates of business formation, survival, and growth (Aldrich et al., 1989). Lerner, Brush, and Hisrich, (1997) assert that network affiliation, among others factors, has greater impact on businesses performance than does social learning or environmental factors. Zhao and Aram (1995) argue that networking is important not only at business start-up but also through the growth stages. Donckels and Lambrecht's (1995) study of the relationship between small business growth and networks¹⁵ shows that networks have an influence on the growth of small business, especially through contacts with national and international entrepreneurs.

Havnes and Senneseth (2001) also study the influence of networks of firm growth among SMEs. They measure growth with three indicators: an increase in market share, increase in total sales, and increase in number of employees. They measure networking by creating a network index from multiple response question indicating 12 potential areas of cooperation with other firms. The results show that, in the short run, there were no benefits such as growth in employment or sales resulting from networking activities. However, the analysis suggests that networking is associated with high growth in the geographic extension of markets in the long run.

2.8.3 Financial Capital

One factor influencing a person's decision to become an entrepreneur is the availability of financial resources to start and grow their businesses. Becchetti and Trovato (2002) find that firms with greater availability of external finance increase much more than low-leverage firms. Cooper et al. (1994) argue that the amount of financial capital available determines the venture survival. Their study indicates that the level of capitalization contributed to venture survival and growth. In addition, they find that capital influences performance through both direct and indirect effects. Direct effects include the ability to buy time, undertake more ambitious strategies, and meet-financing demands imposed by growth. With regard to

¹⁵ Networks were measured using entrepreneurs' contacts with other entrepreneurs (regional, national, or international); whether the entrepreneur had contacts with external consultants; participation in seminars and trade fairs, and discussion with relatives.

indirect effects, capital accumulation may reflect better training and more extensive planning. Wiklund and Shepherd (2003) also find that access to financial capital had direct effect to business growth. However, they find that there was no relationship between access to financial capital and growth aspirations.

With regard to gender-based studies, Rosa et al. (1995) find that there were no differences with respect to the amount of the resources owned by male and female entrepreneurs. In contrast, Verheul and Thurik (2001) studied differences between female and male entrepreneurs with respect to the amount and composition of financial capital. They found that female entrepreneurs had smaller amounts of start-up capital than their male counterparts but that they do not significantly differ with respect to the composition of financial capital.

2.8.4 Habitus

Researchers have mostly used the concept of habitus in the context of education research. They note that it is extremely difficult to represent a person's habitus in a single variable or a large set of variables (Dumais 2002). However, one component of habitus is a person's belief about the future. Therefore, educational researchers have operationalized habitus as students' occupational aspirations (Dumais, 2002; Jacobs et al., 1991; McClelland, 1990).

McClelland (1990) examines the process by which high school students who aspired to high-status professional jobs were sorted out in seven years following high school graduation. She examined the early educational attainments and changes in occupational expectations. The study assumes that students with high aspirations were more likely to come from privileged social groups and more likely to attain high-status professional jobs. The study also tests the impact of gender socialization on occupational expectations. McClelland assumes that female students would be underrepresented in the highly ambitious sample. The results confirmed these hypotheses that men and those from upper-class white-collar homes were more likely than were their less-privileged peers to be found in the highly ambitious sample. The study also found that those from upper-class white-collar homes were more likely to stay on track to achieve their initial goals.

Jacobs et al. (1991) also use the habitus concept to study occupational aspirations of American young men (aged 14–24 years). The main question was the type of occupation in which they wanted to be employed at 30 years. The study was longitudinal: This question was asked annually or biannually from 1966 to 1976. The authors assumed that occupational aspirations would reflect the effects of the social-class and race-based factors. Their results reveal that there were modest differences in aspirations by race for most occupations. Whites were consistently more likely than blacks to aspire to the professions and to managerial occupations, whereas blacks were consistently more likely than whites to aspire to other white-collar and blue-collar occupations. In addition, they find that sons of white-collar fathers were more likely to aspire to white-collar professions at least once between ages 15 and 27 years than were sons of blue-collar fathers. Craft occupations were more likely to be a choice of blue-collar sons than white-collar sons between ages 15 and 27 years. In general, racial differences in aspirations and social class differences in professional aspirations were consistent with a cumulative disadvantage interpretation of the formation of aspirations. People from disadvantaged backgrounds were somewhat less likely to have high aspirations, somewhat less likely to persist with these aspirations, and were further from the goals of their more advantaged counterparts by age 27 years than was evident at age 15 years.

Dumais (2002) examines cultural participation of boys and girls and the role of habitus in school performance. The results show that female students and those from higher socioeconomic class are more likely to participate in cultural activities. Dumais measured habitus as a dummy variable representing whether the student expected to have one of the following occupations at the age of 30: professional, managerial, or business; business owner; or science or engineering.¹⁶ The results show that inherent ability was the dominant factor in influencing a student's grades, followed by a student's habitus and socioeconomic background. In another study, (Dumais (2002) examines how parental habitus would affect teachers' perception of a child's academic skills. Parents were asked what educational level they thought their children would achieve. The responses were achieving bachelor degree or higher and less than a bachelor's degree. This question would show the parents' understanding of their place in society and what they could reasonably expected for their children. The results

¹⁶ In addition to these three categories, students could also choose from the following occupations: craftsperson, farmer, housewife, labourer, military/police, technical, sales/clerical, service worker, other, not working, or don't know.

showed that 56% of parents in the lowest SES group expected their child to achieve a bachelor's degree or higher, whereas a full 95% of parents in the highest SES group had this expectation.

Furthermore, qualitative studies have also explored the concept of habitus. Reay (1997) uses the concept to study how social class is acted out in mothers' involvement in their children's schooling. The author finds that there were differences regarding mother's knowledge, attitudes, and feelings about their children's future. Middle-class women had elements of cultural capital that displayed high confidence, a sense of entitlement, knowledge of the educational system, useful social networks, and a feeling of being capable of achieving the initiative; all of these things were absent in women from working class. Reay indicates that mothers' own experience of education infuses their attitudes and desires in relation to their children's future. The results for her study were consistent with Bourdieu's (1990:13) contention that "habitus continues to operate long after the objective conditions of its emergence have been dislodged."

Greenbank (2006) also examined the way social class influences the relationship between business mentors and small business owner-managers. The study reveals that the working-class owner-managers lacked a future orientation and as a result "lived for today." They also had a fatalistic attitude toward life arising from both their experience and an understanding of their position in society. Low aspiration levels were also evident in that the owner-managers viewed ambition as "pretentions" and "getting above oneself."

2.8.5 Growth Aspirations

Researchers have argued that growth in the small firm is deliberate and therefore will depend on owner's attitude and the way he or she perceives the business growth. Studies have shown that entrepreneurial growth intention is a key determinant, particularly for small firm growth (Barkham, 1994; Cliff, 1998; Davidsson, 1991).

Davidsson (1991) studies the relationship between growth motivation and firm growth. In his model, growth motivation is influenced by three factors: cognitive attitude toward growth, affective attitude toward growth, and growth aspirations. He measures cognitive attitude by looking to the expected consequences that respondents had toward eight areas (workload, work tasks, employee well-being, private finances, control, independence,

crisis survival ability, and product/service quality). Affective attitude reflected reactions toward a hypothetical increase of the firm size by 20% and 100%. He measures growth aspirations using two indicators: the difference between present size and an ideal size five years ahead in terms of employees and for turnover. His analysis indicates that perceptions of ability, need, and opportunity influence growth motivation and objective ability, need and opportunity can only partly explain differences in the perceptions of these three factors. Davidsson measures actual business growth using two variables: turnover and employees. The results show that ability, need, and opportunity explain a substantial share (25%) of the variation in actual growth. Among three factors, need was the most important factor explaining actual growth.

Barkham (1994) measures growth motivation by asking entrepreneurs to rank their desires to achieve growth as low, medium, or high. Although he reported having some problems with the data, the results show that entrepreneurial motivation has a significant impact on firm growth.

Olomi (2001) examines growth motivation among owner-managers in Tanzania by measuring three indicators: growth aspirations (the extent to which the owners want to grow); growth orientation (the extent to which the owner-manager is proactive in searching for growth); and primary motive for being in the business. The results show that small firm owners have low aspirations for growth. Most of them do not aspire to grow their businesses. With regard to growth orientation, a large proportion of small businesses owners are not actively searching for growth (i.e., their orientations for growth are passive). Regarding primary motive, the results show that transition to growth motivation is most common among those owner-managers who started businesses to supplement income or enhance family security and most rare among those who started businesses because it was the only way to survive.

In addition, Barkham et al. (1996) measure owner-managers' motivation by their objectives (to expand firm, restrain firm, improve products, improve production, or meet other personal goals) and focus of growth (whether it is on asset, turnover, profit, or employment). The results show that none of the objectives was significant in the model as a factor contributing to the growth of turnover. In relation to focus of growth, they found that owner-managers considered growth in profits very important. This variable is positively associated with growth and statistically significant.

2.8.6 Gender Differences

Research indicates that men and women may have different socialization experiences, which shape their motives, effort, performance beliefs, and strategic choices (Jacobs et al., 1991). Women's motives for launching and managing new businesses may differ from men's (Manolova et al., 2007). Instead of an economic entity designed to achieve high profits, women may perceive their businesses as "cooperative networks of relationships" in which business relationships are integrated rather than separated from family, societal, and personal factors (Brush, 1992). This leads to different approaches on how to manage businesses and eventually different business performance (Cliff, 1998). Therefore, this study considers gender a moderator variable in the framework, because it affects the direction and/or strength of the effect of independent variables on business growth.

Research also shows a difference between men and women with regard to business performance. Some empirical studies have shown the size of female-owned businesses is significantly smaller than male-owned businesses (Cliff, 1998; Fischer et al., 1993; Kangasharju, 2000; Mills and Voerman, 1997). In addition, some studies have shown that female-owned businesses grow less quickly than male-owned businesses (Cooper et al., 1994; Fischer et al., 1993; Mead and Liedholm, 1998; Singh et al., 2001). However, Kalleberg and Leicht (1991) find no significant gender differences in gross earnings growth; furthermore, Fischer et al. (1993) find there were no differences between the returns exhibited by male- and female-owned firms. Similarly, in examining the role of gender in Italian technology start-ups, Ulijn et al. (2011) found that Italian companies provide no advantage or special treatment to either gender. There are no jobs reserved especially for women nor are there any constraints to women applying for a position: they are considered equal to their male competitors.

In relation to growth aspirations, Kolvereid (1992) analyses growth aspirations of entrepreneurs in Norway; he found that male entrepreneurs were more likely to state positive growth intentions than female entrepreneurs but the difference was not statistically significant. Kolvereid indicates that the statistical significance of the results may be country specific, since Norway is an egalitarian country in which the male–female differences are not particularly strong. However, because the author studied growth aspirations of entrepreneurs, it is of interest to study the relationship between growth aspirations and actual business growth. In a related study, Cliff (1998) examines growth aspirations between Canadian male and female

entrepreneurs. The author finds that male and female entrepreneurs seem equally likely to desire business growth. The qualitative findings suggest that female entrepreneurs are more likely to establish maximum business size thresholds beyond which they would prefer not to expand and that these thresholds are smaller than those set by their male counterparts.

2.8.7 Childhood Socio-economic Status

Sociologists have provided different conceptualizations of social class. Some have measured the concept after a Marxist definition, and some have defined social class as more of a social status, meaning people in a specific class share similar experiences, background, and position in society (Crompton, 1993). Kohn (1969) develops a measure for social class in the United States, which other researchers such as Schooler and Schoenbach (1994) use. The measure views social classes as groups defined in terms of their relations to ownership and control of the means of production. He identified six class levels in the United States:

- Employers (bourgeoisie): owners who employ four or more non-family workers.
- Self-employed ("petty bourgeoisie"): owners who employ no more than three non-family workers
- Managers: employees who have less than a 20% share in the ownership of the enterprise that employs them and who have at least two hierarchical levels beneath them.
- First-line supervisors: employees who have direct supervisory authority over three or more workers and have only nonsupervisory workers beneath them.
- Non-manual workers: nonsupervisory employees whose work is predominantly non-manual
- Manual workers: nonsupervisory employees whose work is predominantly manual

In the United Kingdom, Registrar General THC Stevenson (Krieger et al., 1997) develop another social class measure, which has five categories based on occupational skills: Social Class I (professional), Social Class II (intermediate), Social Class IIINM (skilled non-manual), Social Class IIIM (skilled manual), Social Class IV (partly skilled), and Social-Class V (unskilled). Other researchers have used socio-economic status (SES) composite to measure social class. Warner, Meeker, and Eells's (1949) developed an Index of Status Characteristics and Hollingshead and Redlich

(1958) developed a Two-Factor Index of Social Position, which are the most used measures of SES. The Index of Status Characteristics uses information about the family's (a) occupation of principal breadwinner, (b) source of income, (c) quality of housing, and (d) status of dwelling area to arrive at a score that is converted to one of five social classes. Hollingshead's scale uses indexes of occupation and educational attainment to categorize families into one of five social.

According to White (1982), some researchers have measured SES using income, education, or occupation only. However, the traditional measure for SES composite includes three items educational levels, occupations, and income (ibid).

2.8.7.1 Social Class in Africa

It is argued that in Africa it is not possible to apply Marxist theory of class divisions. In his book *Class Struggles in Tanzania*, Shivji (1976:18) argues that one of the main objections against the application of Marxist theory is that Tanzania's class divisions do not fall into the classical bourgeoisie and proletariat with middle class on the fringes, as in Europe. It is possible that some classes that exist in Europe may not be found in Africa and those that look similar may in fact be different, both in the way they developed historically and in their present relationship to other classes, the state, and the means of production. Okoko's (1987: 27) *Socialism and Self-reliance in Tanzania* argues that "an attempt at a class analysis of Tanzania society runs into the inevitable complexities introduced by a racially structured social organization inherited from colonial times." Therefore, researchers in Africa should not apply the social class definition constructed in western countries directly to the African context (Shivji, 1976).

We found one empirical study that has investigates the relationship between SES, smoking habits, and blood pressure in Tanzania: Bovet et al. (2002) they assess SES with indicators of education level, occupation, and wealth. The study does not give details of education levels and occupations categories; however, they give items included in wealth (ownership of electricity, television, refrigerator, flush toilet, and a car).

Previous studies about social class have provided a good reference point for the current study. The key indicators for social class are *income*, *education level*, and *occupation* (White, 1982). However, because this study focuses on social class position of owner-managers' parent, it would be difficult to get reliable

information about parents' income. In addition, Tanzania's categorization of occupations in terms of classes is not very clear. Therefore, we use parents' education level to measure social class. We created three classes using education level of parents:

- Lower class – primary education level or none
- Middle class – secondary education
- Higher class – college/university education

2.8.8 Firm Specific Characteristics

In this section, we describe the relationship between firm characteristics (such as initial firm size and age, industry sector and legal status of the firm) and business growth.

2.8.8.1 Firm Size and Age

Many scholars have studied the relationship between the business growth and size of firms; however, these studies mainly focus on developed countries (see Almus and Nerlinger, 2000 [German]; Becchetti and Trovato, 2002 [Italy]; Davidsson et al., 2002 [Sweden]; Evans, 1987 [United States]; Hall, 1987 [United States]; Heshmati, 2001 [Sweden]; Kangasharju, 2000 [Finland]; Kumar, 1985 [UK]; Rodríguez et al., 2003 [Spain]; and Wagner, 1992 [German]). Some of these studies test Gibrat's law, which states that the growth of firms is proportional to their size in the beginning, and firm growth occurs at the same rate over an interval of time, regardless of their initial size for any firm within the same industry (Becchetti and Trovato, 2002; Heshmati, 2001). Next, we describe some of the empirical results about this law.

Some empirical studies measured growth rate using employment rate (see Almus and Nerlinger, 2000; Becchetti and Trovato, 2002; Calvo, 2006; Davidsson, et al., 2002). Using multivariate analysis (though samples are different in terms of size and the period covered also differ), they found the rate of growth of SMEs is not due to chance and is not just affected by size and age, as Gibrat's law claims. All results reject Gibrat's law and support the proposition that small firms have greater growth ratios than the larger ones.

Heshmati (2001), Rodríguez et al. (2003), and Kangasharju (2000) also study growth of micro and small firms. However, they measure business growth

of the firms by using variables such as employment, sales and assets, net assets, and equity. The results also support the conclusion that new firms have higher growth probability rates than the older ones.

However, Wagner, (1992) finds that Gibrat's Law is only valid for few groups of firms. Moreover, this study did not find that small firms grew systematically faster or slower than larger firms but that there was "persistence of chance" in the sense that a firm grows faster if it happened to grow faster in the past, too.

With regard to growth motivation, Olomi (2001) finds that firm age does not appear to influence growth attitudes and aspirations. Kolvereid (1992) also finds these same results. With regard to firm size, Olomi finds that owner-managers with large firms have higher level of growth motivation than those who start with smaller ones. However, Kolvereid (1992) finds that firm size is not related to growth aspirations.

2.8.8.2 Industrial Sector

Regarding the industry sector, previous studies have found substantial differences by industry, with small firms in retail and personal service sectors having lower growth rates (Cooper et al., 1994). In high-tech firms, Almus and Nerlinger (1999) find that industry sector is a significant factor in explaining business growth: High-tech firms have higher growth rates than non-innovative firms. Wagner (1995) also finds that industry sector is an important factor in manufacturing firms. Davidsson et al. (2002) find that industry sectors show greater impact on growth. However, Rodríguez et al.'s (2003) results indicate that firm activity does not influence growth capacity, because parameters were not significant.

Regarding relationship between growth motivation and industry sector, Kolvereid (1992) finds that there was a relationship between industry and growth aspirations. Entrepreneurs in manufacturing were more willing to grow their firm than entrepreneurs in construction, whereas entrepreneurs in service sector were reluctant to grow their businesses.

2.8.8.3 Legal Status

Some studies have shown that businesses under limited liability legal status have higher growth rates than firms that do not have such status (Almus and Nerlinger, 1999; Davidsson et al., 2002). Almus and Nerlinger (1999)

suggest that firms with limited liability are more willing to take risks because the owner's personal wealth is protected from the firm's losses. Therefore, legal form is a factor underlying business growth rates. Davidsson et al. (2002) argue that legal form functions as a motivation to grow: It is likely that managers will choose to change the legal form as their attitudes shift toward growth.

2.9 Conclusion from Empirical studies

The review of empirical literature leads to the following conclusions. First, although there are many studies regarding determinants of small business growth, they have mixed results, making the findings inconsistent and inconclusive. Therefore, knowledge about what facilitates and hinders growth of small businesses is still scattered and limited, and this calls for more research. Second, the explanations for the identified gender differences in entrepreneurship performance have focused on either behavioural or structural factors. Scholars of behavioural theories (see Brockhaus, 1980; McClelland, 1965; Sexton and Bowman-Upton, 1990) have focused on trait factors in explaining entrepreneurial performance differences. In contrast, other researchers (see Du Rietz and Henrekson, 2000; Fabowale et al., 1995; Glancey, 1998) have focused on structural factors to explain the differences. However, these studies explain performance differences from a one-sided perspective. Scholars for behavioural theories tend to overlook the impact of social factors on individual motivation, and structuralist theories tend to ignore the role of human action in dealing with social pressure. Thus, the main research question is:

How can we explain gender differences found in business growth?

The current study has applied Bourdieu's framework in explaining differences found in small business performance, in particular gender differences (see section 2.5.1.4).

Furthermore, as discussed in previous sections that individual practices are the results of a person's habitus and capital in a given field (section 2.5.1). Both men and women may have the same capital in the form of cultural capital, family or social networks, and finance needed for their business performance, however, the translation of the capital into practice may not be the same among male and female entrepreneurs. The translation will

depend on the individual's habitus, which is formed through socialization processes and through the discursive practices, and which become embodied and embedded in practices. This leads to the first research question:

1. *To what extent does habitus mediate the relationship between gender and business growth and between capital and business growth?*

The literature review indicates that one way which habitus is revealed is through a person's aspirations. Several researchers have studied owner-managers' growth aspirations in the entrepreneurship field (see section 2.8.5), and have found that growth aspiration is a key determinant for small business growth. However, those who have studied the factors influencing entrepreneurial growth aspirations have not examined the influence of the social background (cultural capital passed down from the family) on owner-managers' aspirations. The particular interest in this is that culture and traditions play a significant role in shaping owner-managers' aspirations. To be more precise, socialization processes orient people toward particular goals; the use of the cultural capital acquired from their families provides the means necessary to achieve their goals (Bourdieu, 1986). This study examines whether there are gender differences in relation to the effects of capitals possessed by owner-managers on growth aspirations. This brings us to the following two research questions:

2. *To what extent do capitals influence owner-managers' growth aspirations?*
3. *Are there gender differences regarding the capitals influencing owner-managers' aspirations?*

Furthermore, from the existing literature it has been found that male owner-managers perform better (in terms business growth) in businesses than female owner-managers (Cliff, 1998). However, Brush (1992) argues that female owner-managers might have different start-up motives for their businesses compared to male owner-managers. Women may not be driven by financial goals for their businesses. In this regard, this study explores the following research question:

4. *Are there gender differences regarding how owner-managers are satisfied with their business performance?*

These research questions have been translated into research hypotheses that are tested in chapter six and chapter seven.

Chapter 3: Research Methods

3.1 Introduction

This study was executed in two phases. In the first phase, we conducted case studies, followed by a survey study. We began the study with a case study research because we needed to explore the concept of habitus, which has not previously been studied in relation to business growth or performance. Previous research has indicated that the case study method should be used when the phenomenon under study is not well distinguishable from its context (Yin, 1993). The case study is most critical in giving insights to the problem at hand. In the case study, the research problem is effectively explored and variables are deeply studied. The case study research can be explanatory, descriptive, or exploratory.¹⁷ This study uses exploratory case study research, which aims to define the questions and hypotheses of a subsequent study (survey study in this case) or determine the feasibility of the desired procedures (Yin, 1993). The current study is an exploratory case study in the sense that it is an attempt to understand a person's habitus and how it affects business growth. After the case study research, we undertook a survey study in four regions of Tanzania. The survey method makes it possible to test the ideas generated from the case study research and/or from other studies, as well as those derived from theory on a larger sample. The next sections describe the research procedures for both case study and survey study research.

3.2 Case Study

The exploratory case studies were conducted in Morogoro town and Dar es Salaam city and involved ten owner-managers. The ten cases were purposefully selected to meet the following criteria: both male- and female-owned businesses and both those businesses considered successful and not successful. In this study, we define a successful business as one that has graduated from either a micro to a small business or a small business to a medium-sized business. We measured the size of the business in terms of

¹⁷ For more descriptions of these terms, see Yin (1993).

the financial capital invested. According to Tanzania SME policy, a micro enterprise has fewer than 5 employees and a capital maximum of TZS.5 million.¹⁸ A small enterprise has 5–49 employees and/or a capital maximum of TZS.200 million; and a medium enterprise has 50–99 employees and a capital maximum of TZS.800 million.

We used personal interview method for data collection, with a structured interview guide. The interview guide consisted of the following sets of questions: owner's personal history and previous experiences, business information and financing, networking information, business performance and growth, satisfaction with business performance and owner's future plans, and challenges faced by the owner in operating his or her business. On average, interviews lasted approximately two hours. During the interview, the researcher took some brief notes, and after the interview; she transcribed the whole story of an owner–manager. If there were some other issues that were not clear, the researcher revisited respondents or made a telephone call for further clarification.

3.3 Survey Study

3.3.1 Area of Study

The survey study was conducted in four regions in Tanzania: Dar es Salaam, Morogoro, Dodoma, and Mwanza. Although many regions in the sample would be ideal, it was not possible because of the size of the country, which has more than 26 regions (in both mainland and Zanzibar). Therefore, because of limited time and financial resources, we opted to consider only four regions, particularly the headquarter centres (urban areas) of the regions. We chose urban over rural areas because urban centres are commercial centres, and thus more SMEs are located in urban areas. According to the Integrated Labour Force Survey (United Republic of Tanzania -URT, 2006), the proportion of small businesses in the urban areas is much higher (66.1%) than that of rural areas (33.9%). Moreover, female entrepreneurs are more represented in urban areas than in rural areas. Therefore, because the study focuses on gender differences in relation to business growth, we deemed it was necessary to select the sample from urban areas.

¹⁸ as of 14 January, 2009, US\$1 was equivalent to TZS1,287 (<http://www.bot-tz.org/>)

We selected the regions to contrast socioeconomic profiles of the cities. For comparison purposes, we selected two large cities (Dar es Salaam and Mwanza) and two small cities (Dodoma and Morogoro). Dar es Salaam is the largest city in the country, with a population size of 2,497,940, followed by Mwanza, which has a population size of 476,646 (URT, 2002a). Dodoma is the capital city, located in central of Tanzania. In 2002, it had population of 324,347 people. Morogoro is one of the smallest towns in the country, with a population of 228, 863 (ibid.). The purpose was to see if there are regional differences, in terms of business growth based on economic opportunities found in the urban cities.

The respondents were also selected from only one sector, retailing. We chose this sector because it employs more small business owners (URT, 2007b) and more women are found in retail businesses than other sectors.

3.3.2 The Sampling Procedure

Originally, we wanted to use a stratified sampling method in selecting the sample. We expected to include owner–managers of medium-sized, small, and micro businesses (using the same criteria used for the case study to distinguish small and micro businesses). We also wanted to sample owners who have been in business for at least five years, (i.e., they started their businesses before 2004) to study business growth.

However, a lack of proper database of small business owners in Tanzania made it difficult to use the stratified sampling method. We expected to obtain the list of business owners from city/town councils or other business organizations such as Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), and Federation of Women Entrepreneurs in Tanzania (FAWETA). However, when the research team visited one of the town councils in Tanzania, we found that the list of business owners was not computerized. From the list, we could only retrieve the following information: name of the owner and his or her gender, the ward where the business is located, and the year of registration. The list did not provide a physical address (a street name and number), which would help locate the owners. Moreover, the list did not include informal businesses (micro businesses), which was one of the categories in this study.

Therefore, because of these challenges, we decided to use the nonprobability sampling method—namely, purposefully quota sampling. Owner–managers were approached in the streets, and by using the criterion

of firm age (at least five years in business), only those who fit this criterion were requested to participate in the study. We made efforts to get enough samples of both female and male entrepreneurs who fit the criteria.

The use of the non-probability sampling method for studying small and micro enterprises is very common in Tanzania. Previous researchers (ILO, 2003; Mbwambo, 2005; Nchimbi, 2002; Olomi, 2001) have also used this method due to lack of proper databases. However, we acknowledge a major limitation of purposefully quota sampling: It may produce a sample that is not representative of the population of interest, and statistical precision may not be assessed (O'Leary, 2004). To address this issue, we present sample characteristics of the study in relation to other studies to establish how representative of the population the sample is (see Chapter 5).

3.3.3 Sample Size

One of the important bases for determining sample size in a study is the number of independent variables in one analysis. Previous research has recommended that the sample size should have a ratio of five observations for each independent variable (Hair et al., 2006) or ten observations for each independent variable (Halinski and Feldt, 1970; Miller and Kuncze, 1973). The current study has the maximum of 20 independent variables that can be tested simultaneously; using the preceding criteria, we needed at least 200 cases. We had initially estimated interviewing 300 owner-managers; however, we managed to get 310 respondents whose questionnaires had enough information for the analysis. This sample was considered sufficient to capture any differences across respondents and enable meaningful comparative analysis.

3.4 Measurements of Variables

3.4.1 Business Growth Measures

The dependent variable in this chapter is business growth. On the basis of the literature review, we used the following measures for business growth: invested capital growth rates, employment growth rate over five years, and a subjective performance measure. To measure business growth by capital information, it is necessary to calculate the weighted average capital growth rate (WACGR) for a five-year period (2004–2008). Using weighted averages helps smooth out yearly fluctuations in the data. Respondents were asked to

give the current capital invested (2008) and the corresponding figures from five years ago (2004). To reduce the positive skewness of distribution, we used the logarithms of capital to make the growth indicator more normally distributed. The formula for the WACGR is as follows:

$$\left\{ \left(\frac{\ln(\text{Capital}_{2008})}{\ln(\text{Capital}_{2004})} \right)^{1/n} \right\} - 1$$

The second measurement proposed is employment growth rate over five years. We measured business growth in terms of number of employees as the change in number of employees at the start-up and the number of employees at the time of study. The findings from descriptive analysis show that the majority of the enterprises did not experience any significant increase in number of employees. At the business start-up stage, 284 (91.9%) respondents had 0–2 employees; at the time of the study, 246 (79.9%) respondents had 0–2 employees. This means that only 38 (284 – 246) businesses managed to grow and hire more than two employees.

Given this small number of businesses that increased number of employees, the variable was highly skewed and plagued with numerous outliers. Therefore, we decided not to use this variable as the measure for business growth. However, this study uses this information to measure firm size in terms of number of employees. Some previous studies (Almus and Nerlinger, 2000; Becchetti and Trovato, 2002) have shown that there is significant relationship between firm size and business growth. Therefore, we include this variable as one of the control variables in the model.

Table 3-1: Number of Employees

No. of Employees	Start-up Size			Current Size		
	female	male	Total	female	male	Total
0 - 2 employees	120(92.3%)	164(91.6%)	284(91.9%)	109(83.8%)	137(77%)	246(79.9%)
3 - 5 employees	10(7.7%)	12(6.7%)	22(7.1%)	13(10%)	27(15.2%)	40(13%)
6 - 10 employees	-	3(1.7%)	3(1.0%)	7(5.4%)	10(5.6%)	17(5.5%)
Above 10 employees	-	-	-	1(0.8%)	4(2.2%)	5(1.6%)
Total	130	179	309	130	178	308

Notes: Start-up size: chi-square 2.286, df = 2, p = .319; (current size: chi-square 3.009, df = 3, p = .390)

The third performance measure for business growth involves a subjective performance measure. Researchers have argued that subjective performance

measures are important because some owner–managers may be reluctant to disclose actual performance: When they want to avoid high taxes, they may not be willing to disclose the actual amount of profits they make from their businesses (Wolff and Pett, 2006). Similarly, some owner–managers (especially female owner–managers) may not be driven by financial goals for their businesses (Brush, 1992). Therefore, using a subjective performance measure helps determine whether the objective performance measure applied is correlated with the subjective one. Likewise, it indicates whether there are gender differences with regard to business performance. Therefore, owner–managers indicated the extent to which they were satisfied with their business performance (scaled from 1 = “very unsatisfied” to 5 = “very satisfied”).

3.4.2 Habitus

Habitus as a construct cannot be measured directly. The literature review (Bourdieu, 1977; Butler, 1999; and Reay, 1995) and qualitative results (chapter four) indicate that habitus is revealed through a person’s perceptions, aspirations, and actions. Since we are studying small business growth, the habitus that fits the business field can be referred to as *entrepreneurial habitus*, defined as the habitus that enables owner–managers to translate capital into actions relevant for their businesses. We expect that owner–managers who have entrepreneurial perceptions, have high aspirations, and entrepreneurial related actions are more likely to have an entrepreneurial habitus, which they have embodied and through which they are more likely to achieve high business growth.

The three constructs for habitus are latent variables, which must be measured by other variables. The perception measure focuses on owner–managers’ perceptions toward challenges they face in their businesses. It is assumed that owner–managers with the entrepreneurial habitus are more likely to perceive challenges as ‘not critical for their business performance’ than those who do not possess entrepreneurial habitus. To measure perceptions, we developed the following four questions related to challenges facing small businesses:

1. Do you perceive lack of business management skills as a challenge to you?
2. Is the stiff competition a challenge to your business?
3. Do you perceive lack of financial capital a challenge to your business?
4. Does finding a good business location pose a challenge to you?

These challenges were mentioned by owner–managers in the case study but have also been reported in previous studies (e.g., ILO, 2003; Stevenson and St-Onge, 2005). We asked owner–managers to indicate how critical the challenges are to their business performance using a five-point scale (1 = “not a challenge at all,” and 5 = “the most critical challenge”) to answer the questions.

To measure respondents’ aspirations, we used five questions that have been successful in previous studies (e.g., Davidsson, 1991; Delmar, 1996; Olomi, 2001; Wiklund and Shepherd, 2003). We asked owner–managers whether they expect their business to grow to a large organization that can employ at least 50 people and whether they have the ability to develop the business into a larger organization that can employ at least 50 people. We also added three more questions that captured owner–managers’ aspirations to expand his or her business (successfully used by Begley and Boyd, 1989). Respondent used a five-point scale (1 = “strongly disagree, and 5 = “strongly agree) to answer the following questions that measure aspirations:

1. I expect this business to grow and employ at least 50 people
2. I have the capability to grow this business and employ at least 50 people
3. I have high ambition in my business
4. I want to be a successful person
5. I want to build something that will be recognized publicly

Owner–managers’ habitus is also revealed in *actions*: the way they perform different activities relating to their business. According to Bourdieu (1979), it is the habitus (which is acquired from the social class and through experience) that is internalized and is determining owner-manager’s practices. We assume that owner–managers whose actions are driven by the entrepreneurial habitus have an ability to resolve any conflict arising in their business. In addition, he or she has an ability to find a way of obtaining financial capital when he or she encounters difficulties. He or she has also the ability to influence and motivate his or her employees to perform well in the business. These statements were derived from the qualitative results (chapter four) and were pretested in a pilot study the reliability of the results of this study is maintained. Therefore, we measured this construct using four statements (five-point Likert scale ranging from strongly disagree to strongly agree), which captured owner–managers’ actions.

1. I have learned that in situations of conflict I am better able to resolve any conflict quickly
2. My past experience has given me an ability to motivate others in driving my company to improve its performance
3. My business experience has helped me to be more innovative/creative in my work
4. I am always able to find a way out when I encounter difficulties to obtain financial capital

3.4.3 Cultural Capital

As mentioned previously, we define *cultural capital* after Bourdieu's definition: forms of knowledge, skills, education, and any advantages a person has that give him or her a higher status in society. However, theoretically, researchers have argued that people who grow up in a relatively high social class are more likely to develop high aspirations than those from a less privileged social class (McClelland, 1990). Likewise, the influences of significant persons, reference groups, social status, and ethnic group cultures are key components that have a critical impact on people's development and their conceptions of their possible futures (Jacobs et al., 1991). Therefore, based on these theoretical arguments, we extract the following variables: childhood SES, social environment, role model, ethnicity, education, and experience.

1. Childhood SES

In general, the traditional measure for SES composite includes three items: educational levels, occupations, and income (White, 1982). In this study, SES was determined by the highest level of education attained by owner-managers' parents because income information about owner-managers' parents was unavailable. Regarding occupation, the categorization of occupations in terms of classes is not very clear in Tanzania. However, other researchers (Bowden and Doughney, 2009; Jackson et al., 2004) have measured childhood SES using education. Therefore, we computed the childhood SES variable (which is an ordinal variable) with three categories:

- Lower class – primary education level or none
- Middle class – secondary education
- Higher class – college/university education

We assume that owners from higher/middle SES families are more likely to have greater growth aspirations than those from low SES families.

2. *Social environment*

According to Bourdieu, childhood socialization is very important in developing a person's future aspirations. Educational researchers have found that students from rural areas have lower educational and career aspirations than their urban peers (Breen and Quaglia, 1991; Cobb et al., 1989). Breen and Quaglia (1991) report that rural students aspire to lower levels of higher education and express lower levels of self-confidence in completing the degree requirements. Haller and Virker (1993) find that the difference between aspirations of rural and urban young people existed because of the lower SES of many rural families. Previous research indicates that young people aspire to what they know or can imagine (Bajema et al., 2002), and lack of success examples and career diversity limits the aspirations of rural young people by the geographical and cultural context of the communities (Haller and Virkler, 1993). Therefore, the social environment (a village or a city) where a person grew up is important in shaping individual aspirations and expectations. This study assumes that the social environment in which an entrepreneur was raised has an impact on his or her future aspirations. Those people who grew up in cities are more likely to have high aspirations and more likely to achieve high business growth than those who were raised in villages or rural areas. Therefore, this variable is measured as a dummy variable (1 = "grew up in a city," and 0 = "grew up in a village/rural areas").

3. *Role model*

Studies have noted that entrepreneurs are more likely to come from families in which the parents owned a business (Casson, 2005; Davidsson and Honig, 2003) and that a having a parent who owns a business increases the likelihood of not only becoming an entrepreneur but also succeeding in business (Honig, 1998). Therefore, it is assumed that entrepreneurs with parents or close relatives who owned a small business are likely to have high growth aspirations. Role model is a dummy variable (1 = "owner–manager has parents/close relatives or friends who owned a business prior to her/his start-up," and; 0 = "does not have any role model").

4. *Entrepreneur's ethnic origin*

In Tanzania, ethnicity affects the social structure and child-rearing practices that influence a person's attitude toward his or her future and thus participation in entrepreneurship (Nchimbi, 2002). Tribes' various social

structure differences and child-rearing practices have led some ethnic groups to be more entrepreneurial than others. In Tanzania, the Chagga people are overrepresented in business ownership (Nchimbi, 2002; Olomi, 2001; Rutashobya, 1995). Therefore, we assume that business owners with a Chagga background might aspire to grow their businesses more than those entrepreneurs from other tribes. Therefore, we created a dummy variable with 1 = “entrepreneur comes from an ethnic group which is overrepresented in business ownership,” and 0 = “comes from other ethnic groups”).

5. Education

Education equips people with the knowledge and skills they need to effectively manage and succeed in their businesses. As the level of education increases, this in turn increases an entrepreneur’s ability to cope with problems and seize opportunities that are important to the firm’s growth (Storey, 1994). Regarding the relationship between the education level and growth aspiration, studies have shown that entrepreneurs with high levels of education are motivated to expand their businesses more than those with low levels of education (Davidsson, 1991; Kolvereid, 1992; Olomi, 2001). Consistent with prior studies, we measure education as the highest education level attained by the owner–manager using five levels of education (1 = “no schooling,” and 5 = “university education”).¹⁹

6. Previous work experience and Management Experience

An entrepreneur’s prior paid employment increases not only the likelihood of starting his or her own business (Lin, Picot and Compton, 2000) but also the survival rates for business (Boden, Richard, and Nucci, 2000). This study assumes that entrepreneurs with previous work experiences will have high growth aspirations. Thus, we computed a dummy variable (1 = “has work experience,” and 0 = “does not have any paid work experience”).

Entrepreneurs’ managerial responsibilities before entering into business can also affect the business’s success. For example, Cassar (2006) finds that the entrepreneur’s managerial experience is positively related to intended business size. However, some studies have established that most women involved in entrepreneurship have less managerial experience than their

¹⁹ After I conducted the study, I found that there were no respondents who fall under the category of “no schooling”. I also grouped together respondents with college and university education, as they almost fall in the same level. This reduces the levels to only three (1= primary education, 2= secondary education, 3= college/university education) that has been used in the analysis.

male counterparts (Coleman, 2007). Therefore, in this study we assume that owner–managers with management experience will be able to manage their businesses well and achieve high business growth. Thus, these owner–managers will have higher growth aspirations than those who have no prior previous management experience. We measure management experience as a dummy variable (1 = “has management experience, and “0= “does not have any management experience”).

3.4.4 Social Capital

The measurement for the construct was based on Bourdieu’s definition of social capital: the aggregate of the actual or potential resources linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. Using this definition, we developed three questions related to type of networks (professional or informal) and benefits accrued from the networks. Previous scholars have successfully used these variables ; for example, Davidsson and Honig (2003) use whether an entrepreneur was a member of professional or trade associations (professional network) and whether an entrepreneur is being encouraged by or has received support from friends or family members (informal networks), and Manolova et al. (2007) uses the third variable—benefits from the networks. Therefore, the survey asked whether entrepreneurs have benefited from the networks in which they took part. We assumed that the more entrepreneurs are involved in networking, the greater the growth aspirations, and the benefits received through networking are positively related to growth aspirations and business growth. All variables are dummy variables.

3.4.5 Financial Capital

Another factor influencing a person’s decision to become an entrepreneur is the availability of financial resources to start and grow the business. This study sought to know the size and sources of the start-up capital, the size of the current capital, and whether owner–managers had received credit from banks and micro finance institutions (MFIs). To reduce the skewed distribution of the sample, we applied natural logarithms (LOG) transformation of size of start-up capital and financial capital to make the variables more normally distributed. Access to loan is a dummy variable (1 = “owner–manager has been able to get a loan for his/her business,” and 0 = “has not received any loan”). We assumed that owners who have received a

loan are more likely to achieve higher business growth than those who have not received any loan.

3.4.6 Gender Effects

In the conceptual framework (see figure 2-1), it is assumed that gender has an indirect effect on business growth through its influence on access to resources and on the owner's–manager's habitus. Men and women may have undergone different socialization experiences that have shaped their motives, effort, performance beliefs, and strategic choices (Jacobs et al., 1991). Therefore, we consider gender as a moderator variable in the framework, because it affects the direction and/or strength of the effect of independent variables on the growth aspirations and on the business growth. It is a dummy variable (1 = “male,” and 0 = “female”).

3.4.7 Firm Characteristics

Previous studies (e.g., Almus and Nerlinger, 2000; Becchetti and Trovato, 2002; Davidsson et al., 2002; Heshmati, 2001; Rodríguez et al., 2003) have revealed that firm characteristics (firm age, initial firm size, legal status) may influence business growth. We include these firm characteristics as control variables in this study. Firm age is measured by how many years the business has been in operation. Firm size is captured through the number of employees, categorized in four groups: 0–2 employees, 3–5 employees, 5–10 employees, and more than ten employees. Legal status is a dummy variable representing whether the business is informal or registered. We also include a business location variable, representing whether the business is located in a big city or a small town.

3.4.8 Demographic Characteristics

Regarding demographic characteristics, we categorized age group as follows: 18–29 years, 30–39 years, 40–49 years, and older than 50 years. We also measured marital status (married, single, divorced or widowed); and family size (number of children at home plus other relatives in the household).

3.4.9 Data Collection Methods

The study solely relied on primary data collected from owner–managers through personal interviews, using semi-structured questionnaires. Data collection occurred over a period of six months, from March to August

2009. The questionnaire was designed according to the literature and previous studies. It was prepared in English and then translated into Swahili language, which is understandable by many Tanzanians. The translation was first done by the researcher, and to ensure the correct translation, a language expert also translated the questionnaire into Swahili. We discussed and reached consensus on the few aspects that differed in the two versions²⁰. The author pretested the questionnaire on 20 owner-managers based in Morogoro town to test the reliability and validity of each question in capturing the information needed. After the pretest, a few questions were modified.

Because of the large number of respondents to be covered in a wide geographical area and the need to collect data within a short period of time, four research assistants and I performed the data collection. To ensure consistency and quality of data and to minimize the bias caused by working with several people, I designed the questionnaire to include specific instructions to the respondents on how to present their responses. Moreover, research assistants were trained and briefed on the objective of the research and content of the questionnaire beforehand.

After the data collection process was completed, the questionnaires were edited again to determine the number of usable questionnaires, resulting in 310 analyzable questionnaires out of 340 in total. Before data entry, questions were checked for errors, omissions, and inconsistencies. In particular, attention was given to ensure that contradictory answers were avoided. Subsequently, the data from each questionnaire were processed into an SPSS programme. Before analyzing the data, the SPSS file was checked twice for errors. Any anomalies were corrected using the original questionnaire.

3.4.10 Reliability and Validity

Measurement experts believe that every measurement instrument should possess certain qualities, most commonly reliability and validity. Reliability is defined as the extent to which results are consistent over time and the total population under study is accurately represented (Golafshani, 2003). A measure is said to be reliable if it produces similar results when it is repeatedly used to measure the same object.

²⁰ Since the researcher is a Swahili native speaker, we did not use back translation method for the research instrument.

To ensure the reliability of the results, a pilot study was carried out before the main research project took place to test the clarity, effectiveness, adequacy, and relevance of the research instruments. It also tested whether the hypotheses, variables, and measures were appropriate. For pilot study, the survey questionnaires were administered to 20 owner-managers of retail stores in Morogoro town.

Another commonly used method for determining the reliability of research instruments is calculation of the Cronbach's alpha. For acceptable reliability of an indicator, correlations between the latent variable scores and the indicator variable score (factor loadings) should be statistically significant and higher than .70 (Hulland, 1999). Factor loadings for items in the latent variables (aspirations, perceptions, and actions) reveal that all loadings are above .70 for all indicators. Similarly, the values for Cronbach's alpha in each construct are above .70, which is an acceptable scale.

Construct validity (convergent and discriminant), which refers to whether a scale measures or correlates with the theorized construct or the extent to which what was to be measured was actually measured (Golafshani, 2003). The partial least squares (PLS) method²¹ provides estimates that can be used to measure convergent and discriminant validity. The validity of scales is assessed by examining the average variance extracted (AVE) for the scales (Fornell and Larcker, 1981). The AVE is the average amount of variance in a set of indicators explained by their latent variable. Regarding convergent validity, the AVE should be greater than .50 (Chin, 1998). In relation to discriminant validity, the average variance shared between a latent variable and its indicators should be greater the squared bivariate correlations between it and the other latent variables in the model (Fornell and Larcker, 1981).

Table 3-2 shows that AVEs for all latent variables are greater than .5, indicating acceptable convergent validity of the indicators; meaning that a latent variable explains on average at least 50% of the variance in its indicators. In addition, regarding discriminant validity, AVEs for each latent variable are greater than the squared bivariate correlations with all the other variables, showing acceptable discriminant validity of the scales (see Table 3-3).

²¹ We also use PLS to analyze data in Chapter 7.

Table 3-2: Factor Loadings

S/n	Indicator	Action	Aspiration	Perception
1	I have learned that in situations of conflict I am better able to resolve any conflict quickly	.811		
2	My past experience has given me an ability to motivate others in driving my company to improve its performance	.862		
3	My business experience has helped me to be more innovative/creative in my work	.802		
4	I am always able to find a way out when I encounter difficulties to obtain financial capital	.756		
5	I expect this business to grow and employ at least 50 people		.924	
6	I have the capability to grow this business and employ at least 50 people		.916	
7	I have high ambition in my business		.932	
8	I want to be a successful person		.912	
9	I want to build something that will be recognized publicly		.913	
10	Do you perceive lack of business management skills as a challenge to you?			.763
11	Is the stiff competition a challenge to your business?			.751
12	Do you perceive lack of financial capital a challenge to your business?			.786
13	Does finding a good business location pose a challenge to you?			.816
	Cronbach's Alpha	.8225	.954	.786
	Composite Reliability	.8828	.965	.861
	Average Variance Extracted	.654	.846	.608
	R2	26.8%	51.1%	35.2%

Note: The R² for business growth when all predictors are included is 75.5%.

Table 3-3: The Squared Correlation Coefficients

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1 Growth	1																					
2 Aspirations	0.372	1																				
3 Perceptions	0.113	0.075	1																			
4 Actions	0.046	0.083	0.059	1																		
5 Education	0.204	0.352	0.077	0.121	1																	
6 Prev_Experience	0.069	0.026	0.034	0.017	0.051	1																
7 Ethnicity	0.127	0.109	0.012	0.000	0.050	0.002	1															
8 Role Model	0.354	0.300	0.049	0.076	0.131	0.033	0.075	1														
9 Childhood SES	0.298	0.317	0.109	0.045	0.172	0.026	0.048	0.174	1													
10 Social Envirt	0.324	0.404	0.048	0.061	0.191	0.049	0.050	0.226	0.216	1												
11 Access to Loan	0.061	0.050	0.001	0.045	0.030	0.001	0.008	0.055	0.029	0.056	1											
12 Start-Up Capital	0.104	0.115	0.019	0.091	0.129	0.009	0.003	0.049	0.078	0.092	0.013	1										
13 Gender	0.105	0.048	0.004	0.001	0.006	0.000	0.002	0.020	0.016	0.048	0.003	0.000	1									
14 Mgt_Experience	0.025	0.051	0.005	0.019	0.099	0.096	0.003	0.029	0.023	0.025	0.021	0.006	0.003	1	.							
15 Prof Network	0.025	0.033	0.001	0.014	0.026	0.002	0.003	0.016	0.038	0.018	0.021	0.015	0.000	0.017	1							
16 Informal Net	0.011	0.004	0.009	0.058	0.037	0.010	0.001	0.001	0.002	0.000	0.045	0.024	0.013	0.012	0.007	1						
17 Net. Benefits	0.020	0.022	0.015	0.045	0.018	0.012	0.007	0.031	0.010	0.018	0.086	0.009	0.008	0.040	0.060	0.213	1					
18 Family Size	0.089	0.099	0.000	0.004	0.033	0.003	0.071	0.055	0.052	0.089	0.000	0.021	0.032	0.008	0.017	0.033	0.005	1				
19 Firm Age	0.013	0.003	0.003	0.011	0.000	0.002	0.001	0.004	0.011	0.007	0.011	0.045	0.003	0.012	0.001	0.000	0.043	0.001	1			
20 Legal Status	0.058	0.027	0.014	0.112	0.047	0.018	0.015	0.010	0.013	0.024	0.004	0.040	0.002	0.017	0.001	0.041	0.013	0.001	0.002	1		
21 Firm Size	0.182	0.053	0.023	0.071	0.048	0.014	0.000	0.017	0.025	0.038	0.022	0.011	0.006	0.113	0.005	0.003	0.021	0.000	0.040	0.005	1	
22 Business location	0.022	0.006	0.040	0.048	0.007	0.009	0.022	0.003	0.017	0.007	0.067	0.004	0.019	0.001	0.094	0.023	0.008	0.009	0.012	0.022	1	

3.5 Data Analysis Methods

3.5.1 Qualitative Data

Data analysis for the qualitative data consisted of examining, categorizing, tabulating, and recombining the evidence (Yin, 2003) to address the research problem. We used an interpretative approach in analyzing the data, meaning that we must test our assumptions about the worlds we study but not reproduce these assumptions. It means that we try to understand respondents' views but do not necessarily adopt or reproduce their views as our own; rather, we interpret them (Charmaz, 2006). To analyze the data, we matched the explanations and observations with the literature and empirical findings elsewhere.

3.5.2 Quantitative Data

To analyze quantitative data, we used several methods. First, we began with descriptive analysis, in which we use frequencies, means, Pearson correlations, t-tests and chi-square tests. This analysis produced an overview of the data, tested whether there are significant relationships between variables used in the study, and examined group differences (e.g., gender) in relation to specific variables. Chapter 5 presents the results.

Next, we performed a multivariate analysis. We tested the conceptual framework presented here in two parts. First, we examined the relationship between capital and growth aspirations and whether there are gender differences (for the results, see Chapter 6). Second, we examine to what extent business growth can be explained by different types of capital mediated by habitus (for results, see Chapter 7).

The nature of multivariate analysis chosen depends a great deal on the nature of the data collected. The data in this study are mainly binary, categorical, and continuous. The dependent variable in chapter 6 is a binary response measuring whether owner-managers have high growth aspirations¹ = an owner-manager has high growth aspirations, and 0 = otherwise, assigned to the dependent factor).

There are several alternative approaches to modelling dichotomous outcomes, including logistic regression, probit analysis, and discriminant

function analysis. Given the nature of the data (most of the variables are binary and categorical), we use a logistic regression.

Although logistic regression has the same application as discriminant analysis, it is usually preferred because its assumptions are more flexible and fit this study's data types better. Compared with discriminant analysis, logistic regression is by far the most common used analysis, as it is more robust to the violation of the normality assumption related to categorical predictors (Cooper et al., 1994).

Logistic regression permits prediction of discrete outcomes, such as group membership, from a set of predictors that may be continuous, dichotomous, or a combination thereof. In addition, the predictors do not need to be linearly related and normally distributed or have equal variance within each group. In contrast, although discriminant analysis can be used to predict group membership, it can only be used with continuous independent variables. Thus, in case predictors are categorical or a combination of continuous and categorical, logistic regression is preferred to other approaches. In addition, logistic regression analysis takes into account the correlation among the exogenous variables (Fabowale et al., 1995). This is because logistic regression analysis employs the principle of linear combinations where association among several variables is considered and yields unbiased and efficient estimates of beta coefficients, which is not possible with the use of ordinary least square regression analysis (ibid.).

Chapter 7 examines the effects of capital on business growth and whether it is mediated by habitus variables (perceptions, aspirations, and actions). The habitus variables are latent variables, which we need to estimate a structural equation, and test the mediation effects. We use SmartPLS version 2.0 (M3) software (Ringle, Wende, and Will, 2006) to estimate the structural equation. We applied the PLS method because of its advantages over other SEM techniques, which make it well suited to the data. First, whereas other SEM techniques (e.g., LISREL) requires a large sample size²² compared with the number of parameters in the model to be estimated, PLS is ideally suited for use of small sample sizes (Chin, 1998), because in its estimation procedure, only one part of the model is estimated at each time. Second, PLS constructs may be measured with single item, whereas covariance-based modeling requires at least four questions per construct (Bontis and Booker,

²² It requires at least 300 cases if the model contains constructs with fewer than three items and communalities are lower (.45 to .55) (Hair et al., 2006)

2007). Third, PLS does not require any normality assumptions and handles non-normal distributions relatively well. The model in this study comprised four latent variables (business growth, perception, aspiration, and actions) with 15 observed indicators for the latents. In addition, 12 constructs are measured by a single item each. Similarly, most of the variables are not normally distributed. In that regard, estimating a covariance-based model would have not been possible by using currently available data.

Another advantage of PLS is that it can be used to study mediation effects, which is of interest in Chapter 7. The Partial least squares employs a bootstrapping procedure to test the significance of the indirect effects from predictors to dependent variable through mediators. A bootstrapping approach is a better method in testing indirect effects than the Sobel test, and it works well with non-normal data (MacKinnon et al., 2004).

3.6 Concluding Remarks

This chapter presented research methods that have been used in this study. We started by describing how we collected and analysed qualitative data. Then, we presented data collection methods for the survey study, in which we introduced our sampling strategy, the data collection procedure, measurements of variables and the data analysis methods. We also discuss reliability and validity of the research instrument used in the study. The next chapter presents and discusses qualitative results.

Chapter 4: Habitus and Small Business Growth in Tanzania: Qualitative Evidence

4.1 Introduction

The purpose of this chapter is to explore the role of habitus in small business growth. As Chapter 2 indicates, the existing literature on small business has provided a variety of reasons for differences in small business growth, and previous scholars have focused on either behavioural or structural factors in explaining entrepreneurial performance differences. The behaviourists (McClelland, et al.) have overlooked the impact of social factors on individual motivation, while structuralists have ignored the role of human action in dealing with social pressures (Gorton, 2000). The current study approaches this dichotomy by applying Bourdieu's framework, which merges the two perspectives to explain differences in small business performance.

We argue that habitus, which is developed during childhood as a person grows to understand her/his place in the social structure, can cause the differences in small businesses. The gendered nature of habitus is a consequence of the possibilities that women and men perceive are available to them. When people internalize their place in the social structure, they come to appreciate which adult statuses and aspirations are possible and impossible (Mickelson, 2003). By embodying these aspirations, their habitus concurrently reshapes existing social structures.

Small business owners typically develop their strategies on an intuitive and improvised basis, mediated by the culture of the moment and past experiences (Gorton, 2000). It is important to see how thresholds for satisfaction are individually and culturally determined and how these thresholds emerge out of practice (Bourdieu, 1990). The formation and performance of firms is inevitably embedded within the founder's social world, in terms of both objective and subjective structures such as family background (Gorton, 2000). If researchers are to understand small business owners' strategies and practices, which lead to a particular performance, they should study the practice and dispositions of owner-managers toward their

initiatives. Therefore, this chapter explores the role of habitus in small business growth by examining owner–managers’ history, how this has influenced their habitus, and to what extent their habitus has influenced business performance and growth.

4.2 The Concept of Habitus

It is argued that habitus is revealed in moments of practice and operates at a level that is at least unconscious. It is brought out when a set of dispositions meets a particular problem or situation (Webb et al., 2002). It is revealed through perceptions, aspirations and actions. The way a person handles a particular situation and perceives the world depends on his or her habitus.

Researchers have mostly used the concept of habitus in relation to education research. Although it is difficult to represent individual habitus in a single variable or a large set of variables (Dumais, 2002), one component is a person’s belief about the future. Therefore, educational researchers have operationalized habitus as students’ occupational aspirations (Dumais, 2002; Jacobs et al., 1991; McClelland, 1990).

As Chapter 2 discusses (section 2.10.4), the concept of habitus has been applied in education studies, studying differences in education performance. However, we located no studies that apply Bourdieu’s framework to investigate entrepreneurial performance differences. Therefore, this study aims to address this research gap.

4.3 Research Methods

To achieve the objective of exploring owner–managers’ habitus, our research team collected qualitative data through an in-depth study of ten owner–managers using a multi-case study research design. We chose this method because examining in detail a small number of cases helps in understanding the complex processes involved in determining a contemporary social phenomenon. The case study method is used when the phenomenon under study is not well distinguishable from its context. The case study is in essence most critical in giving insights to the problem at hand (Yin, 2003).

According to Yin (2003), the case study research can be explanatory, descriptive, or exploratory.²³ This study uses the exploratory case study research, which aims to define the questions and hypotheses of a subsequent study (in this case, a survey study) or determine the feasibility of the desired procedures (Yin 2003). Morgan (1998) described this research design in his Priority-Sequence Model as “*preliminary qualitative study*”; which its purpose is to contribute to a study that is principally quantitative. He explains that preliminary qualitative study provides complementary information (such as to develop the content of the questionnaire) in developing a larger quantitative study. In this study, we have applied this research design (preliminary qualitative study), in which we have conducted a modest multiple case study to check whether the elements of the conceptual framework (figure 2-1) are relevant. It has helped us to refine the model and develop questionnaire for survey study.

The exploratory case studies were conducted in Morogoro town and Dar es Salaam and involved ten owner–managers. The ten cases were purposefully selected to meet the following criteria: We needed both male- and female-owned businesses, and we needed businesses considered successful and not successful. In this study, a successful business is defined as the one that has graduated from either a micro to a small business or a small business to a medium-sized business. The size of the business is measured in terms of the financial capital invested as per Tanzanian SME policy definition (URT, 2002b).

The method used for the data collection was the personal interview, with a structured interview guide (see Appendix A). The interview guide consisted of the following key issues, which are based on the prevailing body of knowledge: owner’s personal history (parents’ SES), owner’s education qualifications, previous work experiences, and the influence of significant persons in terms of role models and networking relationships. We also collected business information (e.g., firm size, age, financing, business performance).

According to Bourdieu (1977) and the literature review (Butler, 1999; Reay, 1995) habitus is revealed (exercised) through the following:

- Perceptions
- Aspirations

²³ For more descriptions of these terms, see Yin (1993).

- Actions

There are other aspects of habitus are feelings, speaking, dressing walking or standing. Since this study's main focus is to explore habitus in relation to business growth, we chose to focus on perceptions, aspirations, and actions. We examine owner-managers' *perceptions* toward business opportunities and business performance; their future *aspirations* in relation to business growth; and how they manage (*actions*) challenges they face in running their businesses. The study did not examine other aspects of habitus because of time and financial constraints. To study these aspects, it would have needed to use a particular time-consuming research approach (e.g., participant observation) for data collection. In this study, we only use personal interview method in collecting the data.

During the interview, the researcher took some brief notes and then transcribed them into a complete story about an owner-manager. If some issues that were not clear, I revisited respondents or made a telephone call for more clarification. To aid in data consistency across cases, the interview data were coded according to content analysis procedures (Miles and Huberman, 1984) into each of the following categories: personal information and history (cultural capital), business information, networking (social capital), financial capital, business performance/growth, and challenges owner-managers faced. The descriptions of the cases are documented in Appendix C.

Data analysis consists of examining, categorizing, tabulating, and recombining the evidence (Yin, 2003) to address the research problem. We used an interpretative approach to analyse the data, meaning that we test assumptions about the world but not reproduce these assumptions. It means that we try to understand respondents' views, but do not necessarily adopt or reproduce their views as our own; rather we interpret them (Charmaz, 2006). We analysed the data by matching the observations with explanations with the literature and empirical findings elsewhere.

4.4 Findings

4.4.1 Profile of Owner-managers and Business Profile

This section presents information about owner-managers' attributes: age, sex, marital status, education level, and previous experiences, and business information: establishment year, type of product, legal form, number of

employees and business size. Fictitious names are used for the entrepreneurs to preserve confidentiality.

As Table 4–1 indicates, we interviewed five male and five female owner–managers. Within each group, three owner–managers were considered successful business owners, and two were not successful. The purpose of having that combination was to study the impact of social background and experiences (habitus) into business growth.

Table 4-1: Owner-Manager’s Profile

S/no	Name	Sex	Age	Marital status	Education level	Previous experience	work
1	AEI	M	40	Married	Primary	Driver	
2	SMA	M	31	Married	Form Six Level	Business Owner	
3	SHA	M	40	Married	Master Degree	Business Owner	
4	JUM	M	34	Married	Form Four level	Business Owner	
5	AMO	M	30	Married	Primary	Salesperson	
6	MTA	F	51	Separated	Form four	Insurance officer	
7	MWA	F	43	Married	Primary	Housewife	
8	KIA	F	54	Married	College education	Purchasing officer	
9	JUD	F	38	Widow	Secondary Education	Salesperson	
10	KIO	F	34	Married	Primary	Telephone operator	

Table 4-2 shows business information of ten owner-managers. The information is used for the discussion in the next sections.

Table 4-2: Business Profile

S/no	Name	Started Year	Type of Products	Legal Form	Number of Employees
1	AEI	1994	Tyres	Sole Proprietor	2
2	SMA	2001	Household items	Partnership	12
3	SHA	1997	Printing Services	Sole Proprietor	16
4	JUM	1991	Household Items	Informal Business	0
5	AMO	2003	Household Items	Informal Business	0
6	MTA	2001	Catering Services	Sole Proprietor	12
7	MWA	1988	Household items	Informal	0
8	KIA	1990	Household items	Informal	1
9	JUD	2004	Clothes	Partnership	2
10	KIO	1991	Household items	Informal	2

As previous chapters indicate, habitus is revealed through perceptions, aspirations, and actions. According to Bourdieu (1977) individual practices are the results of a person’s habitus and capital within a given field. This

study assumes that small business growth (practices) depends on entrepreneurial habitus and access to resources (capital). Therefore, in the next sections we start by discussing how cultural capital and social capital have affected owner–managers’ aspirations. Then, we discuss owner–manager perceptions toward financial institutions, professional networking, and business performance. Finally, we discuss how owner–managers manage the challenges they face in their businesses.

4.4.2 Cultural Capital and Owner-managers’ Aspirations

Cultural capital in this study is defined after Bourdieu’s definition: any forms of knowledge, skills, education, and any advantages a person has had through the course of their life that enables them to succeed more than someone else with a less experienced background. Therefore this section presents and discusses information about childhood socialization experiences, education experiences and work experiences in relation to owner–managers’ aspirations – work aspirations and future aspirations. Childhood socialization is being examined through the influence of parents’ SES.

4.4.2.1 Socio-Economic Status and Work Aspirations

In studying childhood socialization, we focus on the influence of the SES of the owner–manager’s parents. According to Bourdieu, a person’s habitus is shaped by his or her social position. He argues that people develop ideas about their individual potential according to the social class position they had when they were young. People from working-class families tend to believe that they will remain in the working class (quoted in Dumais, 2002), and people who grow up in a relatively high SES are more likely to develop high aspirations.

In studying owner–managers’ aspirations, we first asked about the type of work the owner–manager wished to have when he or she was 15 years of age. Second, we asked about the owner–managers’ future aspirations concerning their business. The results are shown in Table 4–3.

Using the education level of parents as a criterion, the data show that four owner–managers are from middle-class families, and six are from lower-class families. The data also show that four owner–managers did not remember in what area they wished to work at the age of 15 years. There are two reasons that might have contributed to these owner–managers not

remembering their aspirations: time and social environment. We asked owners about the work/profession they wished to have when they were 15 years of age; therefore, it might be true that they have forgotten as over the years (minimum 17 years for the youngest owner–manager). Another possible reason that might have contributed is the social environment and family socialization where these owners grew up. Some of the owners (MWA, JUM, AMO) grew up in villages with parents who had no education and were peasants. These owners were not surrounded with success images that could have built up their aspirations. Therefore, their aspirations might partly be a result of the habitus their families have inculcated. As Mickelson (2003) says, when people internalize their place in the social structure, they come to appreciate which adult statuses and aspirations are possible to reach.

Table 4-3: Cultural Capital and Aspirations

s/no	Name	Childhood SES	Education level	Prev. work Experience	Work Aspiration	Achieved?	Future Aspirations
1	AEI	Middle	Primary	Driver	Don't Remember	NA*	Expand the business
2	SMA	Middle	Form Six Level	Business Owner	Manager	No	Open more stores
3	SHA	Middle	Master Degree	Business Owner	Business Owner	Yes	Expand the business
4	JUM	Lower	Form Four level	Business Owner	Don't Remember	NA	Uncertain
5	AMO	Lower	Primary	Salesperson	Don't Remember	NA	Uncertain
6	MTA	Lower	Form four	Insurance officer	Successful person	Yes	Build a hotel
7	MWA	Lower	Primary	Housewife	Don't Remember	NA	Uncertain
8	KIA	Lower	College	Purchasing officer	Banker	No	Expand the business
9	JUD	Middle	Sec. Education	Salesperson	Air Hostess	No	Open another store
10	KIO	Lower	Primary	Telephone operator	Nun/Medical Doctor	No	Expand the business

Source: Compiled from the field data 2008; *NA = Not Applicable

The rest of the owner–managers had aspired to work in a particular field, but most of them did not achieve what they aspired, for several reasons. Some of the owners did not achieve their aspirations because their parents did not have money to pay for the education. SMA had aspired to have a bachelor degree in marketing, so he could be employed as a marketing

manager. However, he could not achieve his aspirations: *“After finishing high school, I did not perform well [enough] to get a government sponsorship; and my parents did not have enough money for my education, as my father he had already retired. Therefore I decided to start a small business”*.

In addition, owner-managers (e.g., AMO, MWA) who had only primary education could not continue further with the education because their parents did not have enough money to pay for their education. They decided to engage in small businesses because they had no other opportunities to pursue.

MTA wished that she could study and be a successful person in her life. However, her father did not think education was important for his daughter: *“When I was in secondary school [form-two], my mother got sick and my father had to take me out of school to take care of our mother in a hospital for six months. After that I asked my father if he could pay for me to join a private secondary school, but he refused”*. With the help of her mother, MTA joined a training college offering bookkeeping, commerce, and typing courses. She studied for two years, and she got a certificate in bookkeeping and commerce. With that certificate, she was able to get a job in the National Insurance Company, in which she worked for 20 years. During the retrenchment process in 2001, she received a compensation and started a small business in the same year.

Another reason given was pregnancy. KIO became pregnant when she was in secondary school, and she could not continue with her studies:

When I was a small girl, I admired so much to live like a nun. However, my ambition was changed when I was in secondary school. I wished I could be a medical doctor. Nevertheless, all my ambitions were cut off when I got pregnant during the second year of my study. I could not continue with my education, instead, I got married.

However, SHA told us that he achieved what he wanted to be. Although he did not mention specifically what he wanted to achieve, he said that he wanted to do something for himself:

I used to ask myself these questions: why can't I do it myself? ...What can I do to use my strength and my knowledge to do something in society? ... How can I get money from other people to my pocket using my knowledge?... Therefore, when I got the opportunity, I used the chance to create out of my strength and my knowledge this kind of business.

Actually, I tried to find a job somewhere, but I realized that I would not be happy; therefore I decided to start this business.

In this case, we observe the influence of *cultural capital* passed down by his family in education and even in his business skills. SHA explained how his father emphasized the importance of being independent:

I was born in a family of six children. My father was a secondary teacher and a farmer. He had a tractor, which he used it in farming activities, and he had a car also (Land cruiser type). In general, our father had money, however, our father taught us not to depend on his wealth. He put more emphasis on education, so that everyone could have knowledge and skills that would help her/him to be independent. In our family, all six children have been educated above secondary education, and almost everyone has a well paid job.

From the cases described previously (for both cases who did not achieve their aspirations and the one who achieved), the reasons given for achieving aspirations can be grouped into three categories:

- Family influence (in terms of resources, attitudes and exposure of the parents),
- Male domination power, and
- Formal systems (regulations and policies of the country)

The family influence was exerted through the control of resources (SES) by the parents. Parents who had access to *economic capital* were able to support their children's education, and in turn, the children managed to achieve their aspirations. In contrast, some owners did not achieve their aspirations because their parents did not have command over economic capital, and thus, they could not support their children in realizing their aspirations. The cultural capital passed down to the children was also evident. We observed that parents' own experience of education permeated their attitudes and desires in relation to their children's future (e.g., MTA's: father had only primary education, and he did not care about the future of his daughter; whereas SHA's father had a college education, and he emphasized the importance of education to his children).

Similarly, we also see the influence of the family in terms of male domination power in the case of MTA. In this case, we observe MTA's father exercising what can be called by Bourdieu symbolic violence—the violence exercised on people in a symbolically rather than physically

(Bourdieu, 2001). It may take the form of people being denied resources, treated as inferior, or being limited in terms of realistic aspirations (Webb et al., 2002). MTA's father's behaviour is a product of cultural and social structures that require girls to take care of household chores and then get married, and the family will benefit from the dowry paid by the husband's family. These patriarchal gender relations are embedded in normative practices and expectations that allow men to deny women the authority and the resources necessary for their development (Hondagneu-Sotelo, 1992). These social structures constitute symbolic violence, which denies women the rights and opportunities. Thus, men's decisions have been ascribed to the social structures, and "appear as acceptable and even considered as natural" (Bourdieu, 2001:1). On the other side, MTA's mother tries to fight against this domination and helps her daughter to achieve her aspirations. In addition to her mother's help, we see a strong will in MTA. Although she stayed home for six months, she did not lose her ambition of studying. She had the courage to ask her father if he could pay for her education. This strong will helped her to achieve her aspirations.

In the case of KIO, we observe the impact of the formal system (regulations and policies of the country) on achieving aspirations. Until recently, pregnant schoolgirls in Tanzania were automatically expelled and were not encouraged to return to school after giving birth. Therefore, we observe the effect of a *formal system*, which prevents someone to achieve her aspirations. In addition, because KIO came from a poor (lower-class) family, her parents did not have resources (*financial capital*) to take her back to school after delivery. Therefore, in this case as well, we see the effect of SES of the parents on KIO's aspirations. If KIO's parents had control over economic capital, they would have supported her to finish her education, and she could have achieved her aspirations.

4.4.2.2 Education and Work Aspirations

Aspirations are not fixed; they evolve over time as they are shaped by experiences and the social environment (Jacobs et al., 1991). This means that some expectations may not be achieved because of the influence of either schooling or socialization process, as happened with some of the owner-managers in this study. The effects of "new experiences" were also evident in one of the owner-managers: KIO's aspirations were changed after being to school. When she was in primary school (she lived in a village with her parents), she had aspired to live like a nun. However, her

aspirations were changed after going to secondary school, during which time she aspired to become a medical doctor. In this case, we see the impact of education on KIO's aspirations. However, we also observe the influence of the *social environment* in which KIO lived. When she was in primary school, she lived in a village where she admired the life of nuns. So, in the village life, the success images surrounded KIO were nuns. When she went to secondary school, KIO told us that she moved to Morogoro town, where she was living with her sister. Although education might have contributed to changes of KIO aspirations, the social environment (town vs. village) might have also contributed to change her aspirations. In the town, there are more success images than in the village. Therefore, access to education and the social environment are important in shaping people's aspirations. As Webb et al. (2002) indicate, new experiences are constantly incorporated into a person's habitus.

Regarding gender differences, we found that there are no significant differences across the two groups in relation to education level. In each group, three entrepreneurs attained at least secondary education, and two entrepreneurs in each group have primary education.

4.4.2.3 Future Aspirations

The aspirations given (see Table 4-2) can be grouped into two categories of owners: those who want to expand business (in terms either opening more stores or increasing the capital) and those who are not sure of their future.

Three out of ten owner-managers were not sure of the future of their businesses. These owner-managers were all from lower class families. It is argued that owner-managers from lower class lack a future orientation and are reluctant to invest more for future benefits (Greenbank, 2006). They tend to have short-term goals and a focus on immediate satisfaction (Argyle, 1994). The findings show that these owner-managers were almost all satisfied with the performance they have achieved. They were not determined to expand their businesses or show aggressiveness in doing so. For example, JUM started his business in 1991 selling food items in a marketplace with capital of TZS80,000. Currently, JUM is still doing the same business in the same place with a capital of TZS2,000,000. JUM said that in terms of the size of the business, it has not changed much, but the capital size has increased because of the increase of prices of different products. Therefore, he is still operating in a micro business. Regarding his future aspirations, JUM says, *"If everything goes well with this business, I am*

planning to change it and start another business". We asked JUM to explain more on the type of business he is planning to start. However, JUM said, "It is not easy to know by now as it is not easy to predict the future of the business".

Similarly, AMO started his retail store in 2003 with a capital of TZS100,000; currently, the capital is TZS200,000. Although AMO did not start his business very long ago, when we asked about his future plans, he says, *"I wish my business could grow and become a medium-sized business, but you do not know the future. So, if things work well, I will expand my business".* The same attitude was also been expressed by those female owner-managers who have not performed well in their businesses.

Regarding middle class values, research indicates that owner-managers are willing to make sacrifices to secure benefits at a future date (Greenbank, 2006; Shilling, 2004). In this study, owner-managers from middle class families have shown that they are willing to expand their businesses. All owner-managers in this group have shown high future growth aspirations. For example, SMA answered when asked about his future plan in five years to come: *"Although our business has grown since we started, yet, we are not satisfied with the performance we achieved. We are planning to expand the business to be as five times big as it is now in five years to come".*

Similarly, SHA, who is engaging in printing and design business, said, *"I am planning to build a three-storey building for the business. I am planning to start building in year 2010, and to accomplish it in 2013. And so far, I have a blueprint for the building".*

In addition, JUD also shows high growth aspirations. When we asked her if she was satisfied with the performance she had achieved, she said, *"Ohh! Yes, I am very much satisfied with what I have achieved so far, but this is not all. Actually, we are looking for a bigger place to rent As you can see here, this room is very small for us here."*

The previous discussion confirms the proposition that people who grow up in a relatively high SES are more likely to develop high aspirations than those who come from lower SES (McClelland, 1990). However, there are some exceptions from the cases. MTA and KIA are from lower social class families, but they have revealed high growth aspirations. MTA is determined to own a hotel in five years to come. KIA has been able to start another business (a retail store) and is also planning to own a wholesale shop, selling household items, and to start a stationery service business. The reason could

be the effects of new experiences acquired and their access to education and previous work experiences. KIA has a college education, which helped her to acquire a good job in a secondary school, and has experience of more than 20 years. For the case of MTA: before she started engaging in small businesses, she was working for 18 years. Therefore, access to education and their work experiences have contributed to improve their future aspirations compared with those owners who did not get chance to study and work.

4.4.2.4 Owner-Managers' Role Models and Aspirations

Social learning can occur through the observation of behaviour of others (in either a family or a society), often referred to as role models. The learning process transmits social norms, language, educational aspirations, and shapes career preferences through observational learning and modeling (Bandura, 1977). Studies have noted that entrepreneurs are more likely to come from families in which the parents owned a business (Casson, 2005; Davidsson and Honig, 2003). Moreover, a person whose parent owns a business increases the likelihood of not only becoming an entrepreneur but also success in business (Honig, 1998).

In this study, four owner-managers had a parent who owned a small business when they were young. These owner-managers started helping their parents in running businesses at an early stage of their lives. One owner-manager (JUD) was inspired by her employer to set up a business. JUD worked as a salesperson in a retail store for 18 years. When her employer moved to another country, she decided to start her own business selling clothes. Therefore, by learning from others, these owner-managers were inspired to start their own businesses. As has been argued, through observing others, a person forms an idea of how new behaviours are performed, and on later occasions, this coded information serves as a guide for action (Scherer et al., 1989).

From Table 4-4 indicates that there is a relationship between a presence of a role model and an owner-manager's future aspirations. Five out of ten owner-managers had roles and five did not have any role model. Owner-managers who had role models have high aspirations regarding expansion of their businesses. Three out of five owner-managers with no role models were not sure of their future aspirations. One of the reasons that might have contributed is the business skills and knowledge they acquired when they were young.

Table 4-4: Role Models and Future Aspirations

s/no	Name	Sex	Role Model	Future Aspiration
1	AEI	M	Father	To expand the business
2	SMA	M	Mother, Friends	Open more stores
3	SHA	M	Mother, friends	Build three-storey building
4	JUM	M	None	Uncertain
5	AMO	M	None	Uncertain
6	MTA	F	Mother, friends	Build a hotel
7	MWA	F	None	Uncertain
8	KIA	F	None	Open more stores
9	JUD	F	Her employer	Open another store
10	KIO	F	None	Expand her business

Source: Compiled from the field data 2008

By being involved in business at an early age, they may become more prepared to take advantage of any likely business opportunities and challenges that might arise on their way (Cooper et al., 1994), as indicated by SMA and SHA's business experience. Excerpts from the interviews of these two business owners indicate how they began engaging in small businesses:

My mother used to have a small business, selling food items; and I used to help her. After finishing form four (secondary school), I wanted to start a small business, but I did not have money. I looked for a job, and got one in a road construction company, in which I was a labourer. After a while, I had enough money to start the business. I started a business of buying coconuts from Tanga region, and transferred them to Arusha city. I did this business for six months, while waiting for my form four examination results. After the results were out, I was selected to join high school, therefore I had to stop this business, but I had money to buy things for my school. After finishing high school, I did not perform well to get a government scholarship; therefore I decided to go back to the business. (SMA)

When I was in primary school, I was helping my mother to sell cookies she made. When I was in secondary school, during holidays I used to make a kind of bags (similar to plastic bags), and sell to other people. After finishing form six, I started engaging in buying maize in villages and sell them in towns. This kind of business required me to have a large capital, which I did not have by that time. Therefore, I decided to start cultivating vegetables (spinach), which I managed to make good money as a start-up capital for the business. The business was very successful; I even managed to open another business (a retail store - selling food items). Because of

this success, I did not like to join University after the results were out. However, my parents had to close down my retail shop and force me to join the University. I was even late to join the University for some weeks; however, I was registered and studied BA in Economics, Statistics and Computing. After that I went to the UK, and studied a Master's degree in Business Management. While I was in the UK, I joined a designers club, in which I was able to acquire knowledge in printing and graphics design (the business I am in today). When I came back, I tried to find a job somewhere, but I realized that I could not be happy; therefore I decided to start this business. (SHA)

From these two excerpts, we observe the passion (aspirations) for doing business, which has been there since these business owners were very young. This passion for doing business can be referred to as their habitus, which has been acquired through family socialization and became embodied in their actions. As Bourdieu puts it, “the habitus—embodied history, internalized as a second nature and so forgotten as history—is the active of the whole past of which it is the product.” (1990:56). This habitus has been acquired through family socialization, which has helped them to perform well in their businesses.

4.4.3 Social Capital and Aspirations

Social capital is defined as the aggregate of the actual or potential resources that are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition (Bourdieu, 1986). In this section we present and discuss the influence of networking on owner–managers’ future aspiration.

Some owners have explained that they have learned from other business owners the way of doing business and have been inspired to expand their businesses. MTA explains how her friends have encouraged her to aim high:

I have some friends (women), whom we meet sometimes for lunch, and discuss business issues or share some important information regarding our businesses [...] I once invited three successful businessmen in Morogoro for a lunch (those whom I know), so that they could share their experiences with me. [...] One of the businessmen owns a good hotel; and it is my dream to build a hotel similar to that or better than that. Actually, they advised me that I should not be satisfied with what I have now.

Apart from MTA, SMA also explains how he has learned from other business owners:

We learned from other businesspeople by travelling around to see how they operate, where they buy their products and how they handle their customers. After seeing what others are doing, we decided not to copy everything, but to do things in a different way.

Therefore, the two excerpts indicate that friends and business partners contribute in shaping owner–managers’ aspirations.

4.4.4 Owner-Manager’s Perceptions

One way habitus is revealed is through a person’s perceptions toward a particular situation/issue. These perceptions are the results of the socialization process, education and work experiences, or influence from significant persons. This section presents owner–managers’ perceptions toward financial institutions, perceptions toward professional networking, taxation system, and business performance. In some cases, we discuss how these differences might have been influenced by their habitus, which is a product of their history.

4.4.4.1 Perceptions toward Financial Institutions

The data from the cases revealed that owner–managers differ on how they perceive the available financial services. In Tanzania, there are several financial services (e.g., banks, MFIs) that offer loans to small business owners. These financial institutions have different procedures for giving loans. Most of the banks require immovable assets as collateral; for small loans, they require applicants to have an account with the bank and that their business be registered and in operation for at least three years. Most MFIs (e.g., PRIDE Tanzania, FINCA Tanzania, SEDA) require applicants to form a group of five or more, and the group members act as collateral. If one person in the group fails to pay a loan, other members will have to pay the loan.

We found that some owner–managers benefited from the available financial services. For example, KIA explains how she has benefited from PRIDE loans: “*When you have a loan, it makes you work very hard, as you are supposed to repay part of your loan every week. With this spirit, I work very hard in order to generate*

enough cash flows to be able to pay the loan every week. This has helped my business to grow”.

However, some of the owners had a negative perception about financial institutions that offer loans to small business owners. They said that they are “scared” of applying for loans because they will lose their assets if they fail to pay the loans. As one owner–manager put it: *“I have seen other people who took loans from MFIs; instead of benefiting from the loans, they lost more of their household assets. When you fail to pay the loan, the MFIs will take things like furniture, TV or any valuable asset to cover the costs of the loan. I better stay small, and use the profits I get to finance my business”* (JUM).

For these two owner–managers, their perceptions might have been influenced by their habitus. For KIA, her education level and work experiences might have contributed to how she perceived and utilized the financial opportunities available. She might have heard about and seen those people who did not pay the loans and lost assets, but that did not cause her to avoid the opportunity for her business growth. For the case of JUM, he did not go beyond secondary school, and he did not have any employment experience. Therefore, his perceptions are limited to the social environment (family and friends who lost their assets) that surrounds him. He was not ready to take advantage of financial opportunities available for his business; instead, he opted to finance his business using his profits. This has caused the business remain stagnant, because the profits are not sufficient.

4.4.4.2 Perceptions towards Professional networking

In this study, we asked owner–managers if they were members of any professional organizations. Some of the owner–managers knew about the organizations, though no one was a member. SMA had plans to join Tanzania Chamber of Commerce, to network with other business owners to become aware of more business opportunities available. However, some had different perceptions toward professional organizations. For example, AEI expressed his view of professional organizations: *“I am not a member of any organization, and I do not think such relationships are important because even without them I am performing well.”*

The entrepreneurship research has pointed to the importance of networks to entrepreneurs. It has been found that social networks are important source of knowledge, new ideas, and source of new opportunities for entrepreneurs (Arenius and De Clercq, 2005; Christensen and Peterson,

1990; Singh et al., 1999). AEI's perceptions toward professional networking might be due to his education level: He had only achieved standard seven. Education is one of the cultural components that contribute to a person's habitus. Furthermore, people with a higher education level are more likely to perceive entrepreneurial opportunities than those with lower education level (Arenius and De Clercq, 2005). Therefore, AEI might not have been able to see opportunities linked to professional networking because of his lower education level.

4.4.4.3 Perceptions towards Business Performance

Regarding business performance, men in general have achieved greater business growth than women. However, the interview data revealed some gender differences regarding how they perceive business success. They measured business performance in terms of meeting personal goals they had set when they started their businesses. Therefore, most said that their businesses are performing well, as they have been able to achieve the intended goal. One of the goals mentioned by these owner-managers was to provide basic needs (e.g., food, shelter, school fees) for their families. For example, when asked if she thinks her business is performing well, MTA noted:

“When I started engaging in businesses I had the following goals: that out of my business, I will be able to take care of my children (since I am single mother) in terms of being able to pay school fees for them. Another goal was that I would be able to take care of my parents in the village for their basic needs. Thirdly, I wanted to build my own house. And fourthly, I wanted to have my own car”.

In general, MTA's business is performing very well, and most of the goals she had described have been achieved.

Similarly, KIO said that her business is performing very well. By using profit from the business, she has been able to build her own house, which has two rooms. She also said that she now has a water tap in her house. In addition, she has also been able to pay school fees for her daughter, who is still in a secondary school. She has bought modern utensils for her home. Therefore, for these women, business performance is not viewed in terms of financial terms such as increase of sales and profits.

These findings confirm Brush (1992): Researchers should include other measures such as social contributions, employee satisfaction, and goals achievement in assessing performance of women owned businesses, because they may have different perceptions on business performance. Instead of an economic entity designed to achieve high profits, women may perceive their businesses as “cooperative networks of relationships”(i.e., institutions), in which business relationships are integrated rather than separated from family, societal, and personal factors (Brush, 1992). These women cared more about goals they have set and meeting needs of their families. As O’Brien (1998) also found in her study in the United States, to women, success means achieving goals, balancing work and family, and contributing something of value to the society.

4.4.5 Habitus in Managing Financial Capital (*Actions*)

One of the aspects through which habitus is revealed is through people’s actions. This section discusses how some owner–managers have been able to use their habitus well in managing the financial capital they have.

Across all cases, the main source of start-up capital was own savings and support from family members and/or friends. In terms of loans from banks or MFIs, we found that these institutions do not offer loans as -start-up capital; they only give loans to existing businesses. Some of the entrepreneurs in this study were able to access loans from MFIs. Five out of ten were members of MFIs. For example, KIO, KIA, were members of Promotion of Rural Initiative and Development Enterprises limited (PRIDE Tanzania), and MWA and AMO were members of Foundation for International Community Assistance, which both offer small loans to entrepreneurs. AEI tried to get a loan from a bank, but he did not succeed because of the bank’s restrictive lending requirements, especially the need for collateral. Other entrepreneurs have been using profits from their businesses in financing their businesses. In general, these entrepreneurs complained about difficult conditions/requirements from the banks to get a loan. Although MFIs did not have very restrictive lending procedures, they offer only small loans, which can only benefit micro enterprises. In terms of gender differences, none of the respondents experienced any gender discrimination in the process of getting loans.

Although there are some difficulties in obtaining enough financial capital, few business owners were able to manage their “small” financial capital well. The data in Table 4-3 indicate that business performance achieved does not

depend on the size of the start-up capital or on the firm age (number of years in business). Comparing cases such as SMA's and JUM's, we observed that both owner-managers started their businesses in 1991, with almost the same financial capital (TZS70,000 for SMA and 80,000 for JUM). However, note the large difference in the current business performance. SMA has achieved a very high business growth (moving from a micro business to a medium-size business), whereas JUM has not been able to move from a micro business status. The education levels of these business owners indicate there is a slight difference between the two. They both have secondary education; but JUM has studied up to form-four level, whereas SMA has attained form-six level. Now, what is the key success factor for SMA? As the previous section describes, SMA had some business skills which he acquired from his family (his mother)—cultural capital passed down by the family—whereas JUM did not have this advantage because his parents were peasants. SMA's mother is Chagga by tribe. As noted previously, in Tanzania, Chagga people are overrepresented in business ownership. They possess some unique skills (*habitus*) that have helped them to perform well in business. Although, they are originally from Kilimanjaro region, they are spread in every region of Tanzania. Therefore, SMA has a "Chagga *habitus*", acquired through family socialization and embodied in his business practices. As Andrewes (2005:46) notes when she explains how *habitus* is being developed and embodied in actions, "they are people who, in childhood, have been so imbued with and conditioned by certain ways of acting out the behavioral patterns—customs, habits and manners—that belong within the circumstances of their upbringing that they are physically 'disposed' to act in accordance with circumstances".

For female entrepreneurs, KIA and MWA started their businesses almost in the same year, in 1987 and 1988 respectively. KIA started with financial capital of TZS50,000, while MWA started with financial capital of TZS60,000. Both cases are members of MFI, in which they have access to financial capital through loans. However, we observed that after 20 years in business, MWA has managed to increase her capital to TZS100,000, whereas KIA has a financial capital of TZS10 million. Both KIA and MWA had similar background in terms of parents' SES. Therefore, in these cases, the amount of start-up capital and business age do not have a direct influence on business performance. KIA's performance might be attributable to her "new *habitus*", which she acquired through her schooling and work experiences. Education experiences have contributed to change her future orientation. KIA is willing to make sacrifices to obtain profits in future,

whereas MWA is only focusing on immediate satisfaction (Greenbank, 2006). These examples indicate that financial capital alone is not a guarantee for high business performance. Financial capital must be combined with habitus (the right one) to achieve a higher business growth.

4.4.6 Habitus (Actions) and Business Performance

This section discusses how owner–managers turn their habitus into business practices and are able to achieve high business performance. First, we present information about business performance (Table 4–5) achieved by the owner–managers in this study; then, we discuss the relationship between family socialization and business growth.

Table 4–5 indicates that there is a variability of performance across enterprises. Using the definition of business growth (a move from either micro enterprise to small business or small business to medium-size business), three enterprises have been able to move from micro enterprises to medium-size businesses, and three micro enterprises that have graduated to small businesses.

Table 4-5: Financial Capital invested

S/no	Name	Sex	Start-up capital (TZS)	Business size at the start-up	Current financial capital (TZS)	Current business_size	Weighted Average Growth rate
1	AEI	M	500,000	Micro	250,000,000	Medium	51.33%
2	SMA	M	70,000	Micro	250,000,000	Medium	61.80%
3	SHA	M	100,000	Micro	400,000,000	Medium	89.27%
4	JUM	M	80,000	Micro	2,000,000	Micro	19.58%
5	AMO	M	100,000	Micro	200,000	Micro	12.25%
6	MTA	F	1,300,000	Micro	7,000,000	Small	23.42%
7	MWA	F	60,000	Micro	100,000	Micro	12.58%
8	KIA	F	50,000	Micro	10,000,000	Small	27.23%
9	JUD	F	5,000,000	Micro	50,000,000	Small	58.49%
10	KIO	F	35,000	Micro	255,000	Micro	15.24%

Source: Compiled from the field data 2008

The remaining four enterprises have not experienced significant growth, in terms of moving to the next level of business size. They also have a lower weighted average growth rate than other businesses. The common theme among these four owner–managers is that they all are from lower-class families, and all of them have only primary education. In addition, none had any previous work experience. Although there may be other factors

contributing to business growth, these owner–managers have not even shown high growth aspirations. We have seen that most of the owner–managers from middle class families have shown great determination in achieving their goals, and they have achieved high business growth. In contrast, those from lower-class families were satisfied with the performance they have achieved, and they have shown that they are not sure of their future. As Bourdieu (2003) argues that it is common for the working class people to feel that they have no control over their future, and they are reluctant to invest for future profits.

Therefore, the family background might have contributed to their habitus and the way they run their businesses. According to Bourdieu (1980:170), “It is their class habitus that is internalized and is determining their practice”. For these owners to change their attitudes and their business practices, they need to be surrounded by what McClelland (1990:103–104) refers to as “success images”: “Individuals from disadvantaged backgrounds who fail to develop or maintain high aspirations do not simply need a single individual to point out the appropriate path to them; they need to be surrounded by enough examples of success to believe that it is actually possible for them to attain it”. These owner–managers need to be in a strong network of successful business owners so that their habitus can be influenced by perceptions of success.

The preceding discussion indicates what Bourdieu (2002:31) calls “every agent acts according to his/her position”—that is, according to the capital he or she possesses and according to his or her habitus, which is related to his or her personal history. These owner–managers (from both middle- and lower-class families) have been able to achieve the performance, which is the outcome of the capital (cultural and economic) they possess, plus their habitus, which is a product of their history.

However, there are some exceptions: owner–managers from lower-class families who have been able to achieve high business growth. In general, people from lower class families are expected not to aspire very high (Greenbank, 2006). MTA and KIA did not have the advantage of having educated parents who could support and encourage them to achieve their aspirations. However, they managed to penetrate difficult social structures and obtain education, which helped them to get employment. For example, KIA was born in a family with a father who had 23 children from many wives. However, she and her sister managed to study above primary education and get a job. The rest of the children are all in villages. In

addition, she faced a gender-related challenge on the way. With her form-four education, she applied for a job in a bank. However, she related this story:

I wanted so much to be a banker. After I finished form-four education, I applied for a job in a bank (those years it was possible to get a job as a bank clerk), but a bank manager (who was a man) gave me a very “difficult condition” if I wanted a job. I think you understand what I mean. Therefore, I decided to look for another job, and I got one in another organization.

KIA was not satisfied with her job. After ten years of working, she decided to go back to school. She joined a college, where she got a diploma in materials management. With that knowledge, she got a job as a storekeeper in a secondary school; but she also decided to engage in small business to support her family.

MTA has also experienced difficult challenges since her childhood. She was refused by her father an opportunity to study; but because of her strong will, her mother helped her to study and get a certificate in bookkeeping and typing. With that certificate, she was able to get a job in which she worked for 20 years. However, she divorced and then was retrenched. With all these challenges, MTA never gave up; she was determined to be successful, and she has achieved it.

These owners have shown what Bourdieu (2005:32) says: “They are able to challenge the structure, and sometimes to the point of remaking it”. Bourdieu calls these people “revolutionary agents having subversive habitus”. Furthermore, Bourdieu says, the way they do things, the way they perform, is not based on their personal history. They have what he calls “a practical mastery without theory, without theoretical mastery of practical mastery”. These owners did not have a theoretical framework to use (i.e., parents with cultural and economic capital) to support their education, however they managed to achieve high performance.

4.4.7 Habitus in Managing Challenges (Actions)

Habitus is revealed in moments of practice. In this study, owners were asked about the challenges they face and key success factors for their businesses. The aim was to give an opportunity for owner-managers to express themselves on how they manage their businesses.

Several challenges were mentioned, such as getting reliable employees, stiff competition, economic crisis which has caused high prices of products, high taxes, and limited market. Female owner-managers also mentioned difficulties of combining work and family responsibilities. Some of these challenges such as the economic crisis, stiff competition, high taxes, and limited market opportunities do affect almost all owner-managers. However, few owner-managers have been able to use their embodied habitus to tackle these challenges and be able to succeed. Next, some explanations follow on how successful owners have been able to handle challenges and what the key success factors were for their businesses.

In managing the challenges, some of the owners were creative in their business practices and were willing to take risk for future benefits. For example, MTA was creative on the strategies she applied when she was dealing with the stiff competition issue; but also she took risk by investing much money to entertain her customers. This is how she explained the handling of competition problem:

For the case of stiff competition, I had to think of strategies of how to win more customers in my business. First of all, I had to rent a new building as the one I had was very small. Secondly, I had to invest more to improve the quality of the services in my business. I invested more money (TZS 1,000,000; equivalent to USD 900) to renovate the building and buy some entertainment things, such as a TV and a satellite dish for entertaining the customers. Finally, I had to train my employees to be customer friendly to make sure that new customers are treated very well so that they may come again, and bring their friends.

SMA exhibited a similar response when asked about the key success factor for his business:

Of course, God has helped us, but also commitment and willingness to take risk. We are committed in our business.... We have invested a lot. We have been buying many products, without knowing whether customers will like it or not, I always buy the products that I like myself, believing that my customers will like them too Fortunately, things have gone well so far. I think we also learnt from other businesspeople by travelling around to see how they operate. After seeing what others are doing, we decided not to copy (as the most of people do), but to do things in a different way. Our stores are unique ... (you can see yourself) ... in the way the products are arranged in the store, and we have almost all household items in our stores. Therefore, customers can buy a lot from us without using much time of going around from other stores”.

Some of the owners have used networking strategies to manage the challenges they face. For example, JUD has been able to handle stiff competition by establishing a long-term relationship with her customers. She has contacts with her “permanent” customers, whom she calls when she has new products in her store. By doing this, she is assured of her market. Likewise, AEI has long-term relationships with his customers (who always come back) and suppliers who trust him and are ready to sell products on credit if he does not have cash. MTA has been using family networks in coping with the challenge of unfaithful workers. In coping with this challenge, MTA uses her relatives or friends to get the employees who can be trusted. But after she recruits them, she trains them on how to work according to her standards; then she can decide whether to retain them, depending on their understanding of the work.

In addition, some owner–managers have applied their skills and knowledge they obtained from school in managing the challenges. For example, KIA studied materials management course; in which she acquired the knowledge of inventory management. She applied this knowledge in her small poultry-keeping business by making sure that she does not have any shortage of the products in her store. She has three batches of chickens, which helps her to always have eggs for customers when they need. Failure to do so would lose her customers, and to get them back is very difficult.

One of the key success factors mentioned by the owner–managers was managing employees. This is how MTA explained how her management of her employees, is the key success factor for her business:

I think it is the way I manage the business and my employees. I am very serious about the performance and quality of my services. I do not always entertain an employee if she/he does not work according to the standards I have set I can fire him/her in a moment! As I told you earlier that each employee is responsible for a particular work, and she/he has to make a certain amount of profit per day. Without this arrangement, each employee would be blaming her/his colleague for not achieving the goal set for the day.

In the similar case, SMA explained that his business motivates his employees using a bonus system. They give bonus to those employees who manage to sell more items per day than the standard set. In that regard, employees are motivated to convince customers to buy items in their stores so that they can be paid more:

Our employees have also convincing power to make customers buy our product. Any customer who comes to our stores, even if it was just for window shopping, he/she will have to buy something. Not because we force him/her, but because our employees have the ability to convince customers in terms of benefits they will get if they will buy the products.

Although all owner–managers faced several challenges, only a few of them were able to handle challenges effectively to succeed in their businesses. These owners have applied different skills and knowledge they obtained through socialization process, networking, and schooling. The uniqueness in handling the challenges and the strategies employed is what Bourdieu calls *habitus*. Bourdieu characterizes *habitus* as a generating principle, an operator or *modus operandi* that produces those regular improvisations. Moreover, “*habitus* contains the solution to the paradoxes of objective meaning without subjective intention. It is the source of these strings of ‘moves’ which are objectively organized as strategies without being the product of genuine strategic intention” (Bourdieu, 1990: 62).

In most of the cases, this *habitus* was the product of a person’s history, his or her past experience (which is embodied history), internalized as second nature. Ways of thinking, perspectives on the world, patterns of perception, and the principles of judgment and values at work in a society have all gone into the *habitus* (Krais, 2000). Therefore, because of their socialization process, these owner–managers use their *habitus* in managing their businesses and handling challenges, and they were able to perform well.

4.5 Chapter Summary

The focus of this study is to explore the role of *habitus* on small business growth. We use Bourdieu’s theory, which provides a useful conceptual framework to facilitate a better understanding of how the social background of owner–managers influences their aspirations and business practices.

We have used the exploratory case study to examine how cultural capital (childhood socialization, education, work experiences), social capital (networking relationship), financial capital affect owner–managers’ work aspirations and business aspirations, and their business performance. We also showed how owner–managers manage the challenges they face in their businesses.

Although there may be other factors that can contribute to business growth, family influence was evident in many of the owner–managers’ aspirations. Owner–managers from lower class families did not shown high growth aspirations. Most of the owner–managers from middle class families showed high determination in achieving their goals. Although those from lower class families were satisfied with the performance they have achieved, they also show that they are not sure of their future. As Bourdieu (2003) argues that, it is common for the working class people to feel that they have no control over their future. Therefore, in these cases, social background contributed in developing owner’s aspirations. This finding is consistent with what other researchers (Jacobs et al., 1991; McClelland, 1990) have found: that people who grow up in a relatively high social class are more likely to have thoughts of success, to be able to see the connection between effort and reward.

However, apart from social background position, the data also indicate that socialization processes and different experiences contribute to shape an owner’s–manager’s future aspirations. Owner–managers’ future aspirations are influenced by their education level and previous working experience. As Jacobs et al. (1991) say, “Influence of significant persons, reference groups, social status, and ethnic group cultures are key components that have a critical impact on the development and social path of people and their conceptions of their possible futures”. In addition, new experiences are constantly incorporated into someone's habitus (Webb et al., 2002), shaping people’s future orientations.

Furthermore, having a parent who owns a business (role model) increases a person’s likelihood of success in his or her business. This means that young people who are involved in running a business develop knowledge of the business and thus may be more prepared to take advantage of any likely business opportunity and to handle challenges that might arise on their way (Cooper et al., 1994). In addition, friends and business partners are important in shaping owner’s–managers’ aspirations.

Regarding the influence of financial capital on business performance, the data indicate that financial capital only is not a guarantee for high business performance. It must be combined with individual habitus (the right one) for an entrepreneur to achieve high performance.

In terms of owner–managers’ perceptions, we found different perceptions toward financial institutions and professional networking. We found education level to have an influence on how owner–managers perceive

opportunities available through professional networking and through financial institutions. Owner-managers with high education levels were likely to perceive entrepreneurial opportunities than those with low education level. We also found that owner-managers think that the taxation system is subjective and unfair, which causes some owner-managers not to pay or to pay less tax than the actual amount.

Regarding business performance, we found significant differences between male- and female-owned businesses regarding business growth. In general, men have achieved higher business growth than women, measured in terms of financial capital invested. However, female owner-managers had a different perception of business growth. They measured business performance in terms of meeting personal goals they had set when they started their businesses. In that regard, it could be argued that women place a higher value on their personal goals and self-fulfilment and on their family roles than on the growth of their businesses (Cliff, 1998; Manolova et al., 2007).

Moreover, successful business owners have demonstrated unique ways in managing their businesses. They possess some knowledge and skills, which are embodied in their actions. When they face a challenge, they use their habitus to handle that particular challenge effectively. Their habitus was a strategy—"a generating principle enabling agents to cope with unforeseen and ever-changing situations" (Bourdieu, 1977:72)

4.6 Conclusion and Reflections from the Case studies

Although this study's sample size was small, and we cannot draw any general conclusion on the basis of these data, these qualitative data have provided insights into how values of owner-managers with different social background differ in terms of their future aspirations and how they practice entrepreneurial activities.

These results confirm the relevance of the theoretical framework developed, which we test using a large sample from a survey study. However, the qualitative data indicate that there are new issues that need to be included in the framework. Under cultural capital, we include the concepts of ethnicity and the social environment in which a person grew up (whether in a village or town/city). For example, in Tanzania, Chagga people are overrepresented in business ownership; therefore, the survey study tests whether there is a

significant difference between Chagga people and other ethnic groups in terms of business aspirations and business performance. We also observed the influence of social environment on a person's work aspirations; therefore, next, we examine how the social environment influences owner-managers' aspirations.

Owner-managers have different perceptions in terms of how they perceive and handle challenges facing their businesses. Therefore, in the survey study, owner-managers indicated how they perceived the challenges they face. Do they perceive them as critical challenges for their business performance or not a challenge at all? We assume that those owner-managers with entrepreneurial habitus will not be threatened by the challenges but can use their habitus to handle those challenges effectively, thus achieving high business performance.

Therefore, Figure 4-1 presents the refined conceptual framework, which is tested in the survey study. In this framework, we assume that business growth is influenced by different types of capital owner-managers possess within a business field. However, these capitals are mediated through owner-managers' habitus.

In relation to gender effects, we assume that gender has an indirect effect on business growth through its influence on access to resources on habitus. Men and women have different socialization experiences, which shape their motives, beliefs, and aspirations. Therefore, we assume that men are likely are likely to achieve high business growth.

The framework is tested in two parts. The first part examines the relationship between capital and habitus (aspirations, perceptions, and actions). The purpose is to examine to what extent their aspirations, perceptions and actions can be influenced by different forms of capital and gender socialization. The second part examines to what extent business growth can be explained by different types of capital mediated by habitus. Using the case study results and the literature review, we extracted the variables shown in Table 4-5 for each construct in the model to examine its impact on business growth. (The measurements for the variables have been discussed in Chapter 3.)

Figure 4-1: Refined Conceptual Framework

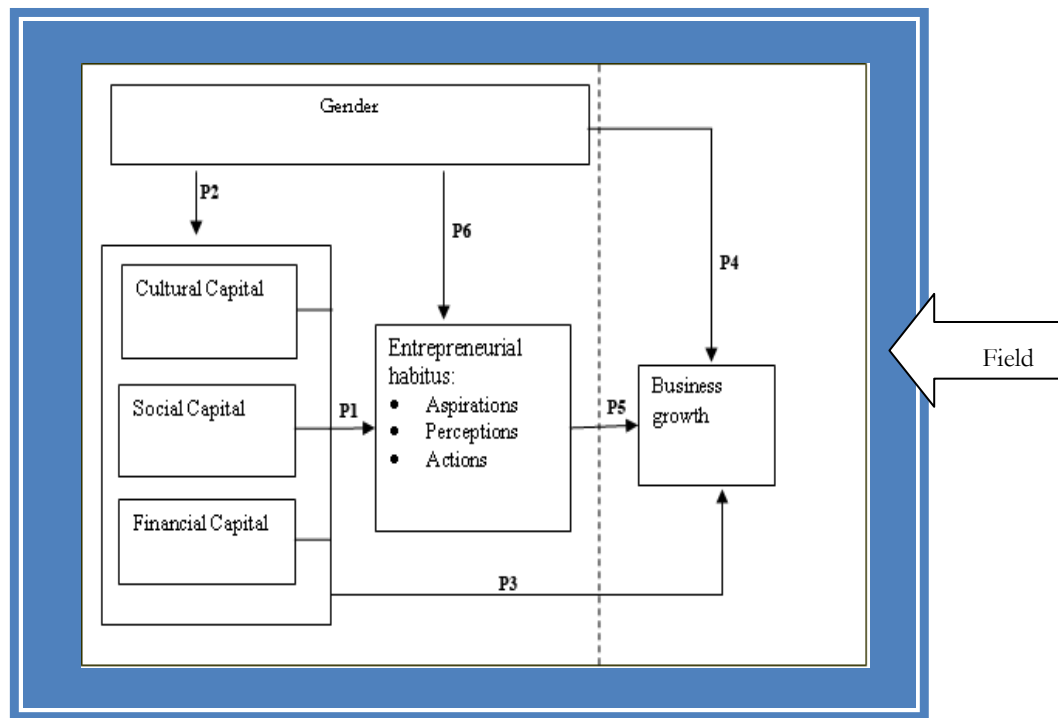


Table 4-6: Construct and Variables

Construct	Variables to be included
Cultural Capital	<ul style="list-style-type: none"> • Childhood SES • Social Environment • Role Model • Ethnicity • Education Level • Previous Work Experience • Management Experience
Social Capital	<ul style="list-style-type: none"> • Informal Networks • Professional Networks • Benefits received from the Networks
Financial Capital	<ul style="list-style-type: none"> • Start-up financial capital size • Current financial capital size • Access to loans
Gender	Gender (Whether there are differences in relation to capitals, growth aspiration and business growth)
Habitus	<ul style="list-style-type: none"> • Aspirations • Perceptions • Actions

Chapter 5: Descriptive Analysis of the Data

5.1 Introduction

The previous chapter presents qualitative findings regarding the role of habitus in small business growth. This chapter presents the descriptive statistics for the refined conceptual framework presented in Chapter 4 (Figure 4–1). The chapter begins with a discussion of basic characteristics of the sample in relation to other studies to establish how representative the sample is to the population. Sample characteristics presented include gender, age, marital status, education level, and ethnicity of entrepreneurs. Then, we present and discuss the descriptive findings on the relationships between variables and whether the relationships are significant. The chapter concludes with a summary of the findings.

5.2 Sample Characteristics

5.2.1 Sample Distribution by Gender

Table 5-1 shows that there were more male entrepreneurs than female entrepreneurs in this study. Although the researcher took some deliberate efforts to get as many female entrepreneurs as male entrepreneurs, of the total sample of 310, there were only 130 (41.9%) female business owners. The Business Survey (2007)²⁴ by National Bureau of Statistics, Tanzania (URT, 2007b), however, indicates that among the individually owned businesses (a total of 327,479) in the country, the proportion of individual female-owned businesses were 123, 430 (37.7%). The percentage in the study is higher than of that NBS (TZ) because this study covers only the retailing sector, which employs more women than other sectors²⁵. However, the proportion of women and men in the study is also consistent with that of the Integrated Labour Force Survey (URT, 2006), which indicates that 43.6% of self-employed population were female entrepreneurs. Therefore,

²⁴ Business Survey (2007) covered all businesses operated in fixed premises.

²⁵ The proportion of men and women in the trade (wholesale and retail) sector was 2.3% and 5.2%, respectively (ILFS, 2006). These data were not categorized in terms of wholesale and retail sectors.

the proportion attained in this study is representative for the SME population in Tanzania.

Table 5-1: Sample Distribution by Gender

	Frequency	Percent
Female	130	41.9
Male	180	58.1
Total	310	100

5.2.2 Sample Distribution by Age.

The results show that in the sample, the majority of business owners were young—between 31 and 39 years of age (47.1%). In general, 72.3% of all business owners in this study were not older than 40 years. These results are also consistent with other findings from other studies conducted in Tanzania. The URT (2006) indicates that the majority (67%) of small business owners were younger than 40 years. In addition, other studies conducted in Tanzania (e.g., ILO, 2003; Nchimbi, 2002) show that most of the small business owners were aged between 31 and 40 years.

Table 5-2: Sample distribution by Age

Age group (years)	Female	Male	Total
18 - 29	29 (22.3%)	49 (27.2%)	78 (25.2%)
30-39	58 (44.6%)	88 (48.9%)	146 (47.1%)
40-49	32 (24.6%)	35 (19.4%)	67 (21.6%)
50-59	10 (7.7%)	7 (3.9%)	17 (5.5%)
above 60	1 (0.8%)	1 (0.6%)	2 (0.6%)
Total	130	180	310

Pearson's chi-square 3.996, df = 4, p = .407

In relation to gender differences in terms of their age, male entrepreneurs tend to be younger than female entrepreneurs (76.1% of them are younger than 40 years, compared with 66.9% of female entrepreneurs). However, the difference is not statistically significant.

5.2.3 Sample Distribution by Marital Status

Table 5–3 shows that during the time of the study, most of the entrepreneurs in the study (68.7%) are married, 23.2% are single, 5.2% are widowed, and 2.9% are divorced or separated. This trend is representing a general demographic patterns within the population of Tanzania. Household

Budget Survey (URT, 2007a) shows that 60% of Tanzanians are married, 29% are single, 5.6% are widowed, and 4.8% are divorced/separated. Likewise, a study by Nchimbi (2002) indicates that the majority of entrepreneurs (68.9%) were married, 28.6% were not married.

Table 5-3: Sample distribution by Marital status

Marital status	Female	Male	Total
Married	82 (63.1%)	131 (72.8%)	213 (68.7%)
Widowed	15 (11.5%)	1 (0.6%)	16 (5.2%)
Divorced/Separated	8 (6.2%)	1 (0.6%)	9 (2.9%)
Singles	25 (19.2%)	47 (26.1%)	72 (23.2%)
Total	130	180	310

Pearson's chi-square 28.362, df = 3, p = .000

The data show that there is a significant difference between female and male owner-managers, in relation to marital status. In the sample, there are 15 widowed women (11.5%) and only one widower (.6%). Similarly, there are eight divorced women (6.2%) and only one divorced man (.6%). This distribution is also consistent with patterns in the Tanzanian population, which has more widowed women (10%) than men (1.8%) and has more divorced/separated women (7.5%) than men (only 4%) (URT, 2007a).

5.2.4 Sample Distribution by Education level

In this study, education was measured by asking the highest level of education of owner-managers. Five levels of education were used, ranging from no formal education, primary education, secondary education, college education and university education.

The findings (Table 5-4) establish that a majority of business owners have lower levels of education: 128 (41.3%) with primary level education, 96 (31%) with secondary school education, followed by entrepreneurs with college education (60; 19%) and university education (26; 8.4%). There were no respondents who had no schooling.

Other studies conducted in Tanzania (URT, 2006) indicate that 67% of small business owners had only primary education. In addition, the sample is comparable with Mbwambo (2005), in which the majority of the sample were primary school leavers (48.3 %). In general, most Tanzanians have only primary education, and only a small proportion of those who finish primary

school manage to go to secondary school. In 2007, there were 64.9% of total population had only primary education, and only 7% had secondary education (URT, 2007a).

Table 5-4: Sample distribution by Education and Gender

Education Level	Female	Male	Total
Primary School	58 (44.6%)	70 (38.9%)	128 (41.3%)
Secondary School	41 (31.5%)	55 (30.6%)	96 (31%)
College Education	24 (18.5%)	36 (20%)	60 (19.4%)
University Education	7 (5.4%)	19 (10.6%)	26 (8.4%)
Total	130	180	310

Pearson's chi-square 1.848 df = 2 p = .397

More than 20% of Tanzanians do not have any education, and only 0.6% have a university education. This shows that the educational level of the respondents in this study is higher than that of the general population in Tanzania. The reason for the difference might be the sampling area. The sample of this study consists of business owners from urban areas, where the proportion of adults with any education is greater than in rural areas (URT, 2007a). More than 80% of Tanzanians live in rural areas.

5.2.5 Distribution of Sample by Ethnicity

Table 5–5 shows the representation of various ethnic groups in the sample. There were 55 ethnic groups in the sample; however, only the ethnic groups with frequency of 10 or more respondents are shown; the rest are grouped in the “other” category.

Table 5-5: Ethnic Representations

Ethnic	Morogoro	DSM	Dodoma	Mwanza	Total
Chagga	20 (32.3%)	23 (22.5%)	16 (34.8%)	24 (24%)	83 (26.8%)
Haya	1 (1.6)	3 (2.9%)	1 (2.2%)	11 (11%)	16 (5.2%)
Luguru	8 (12.9%)	2 (2%)	1 (2.2%)	0	11 (3.5%)
Ha	2 (3.2%)	3 (2.9%)	2 (4.3%)	10 (10%)	17 (5.5%)
Pare	2 (3.2%)	4 (3.9%)	2 (4.3%)	2 (2%)	10 (3.2%)
Sukuma	0	3 (2.9%)	1 (2.2%)	25 (25%)	29 (9.4%)
Others	29 (46.8%)	64 (62%)	23 (50%)	28 (28%)	144 (46.5%)
Total	62	102	46	100	310

The groups with the highest relative representation are the Chagga, Sukuma, Haya, and Ha. The Sukuma are more located in Mwanza, apparently because

they are from the same region. The same applies to Luguru people, who are originally from Morogoro. In general, the Chagga people are over-represented in the sample (26.8%), and almost evenly distributed across the regions. This observation is consistent with other previous results (see Olomi, 2001; Nchimbi, 2002; Rutashobya, 1995) in which the Chagga group has been found to be over-represented in business ownership in Tanzania.

In Tanzania, there are more than 120 tribes. However, the Chagga proportion in business ownership is significant, which implies that specific ethnicity might have a positive influence on business ownership. Nchimbi (2002) argues that ethnicity constitutes the social structure and child-rearing practices that influence a person's attitude (*habitus*) toward his or her future and thus participation in entrepreneurship. The social structure differences in different tribes and child-rearing practices have led some ethnic groups to be more entrepreneurial than others.

5.3 Business Growth

As discussed previously (section 3.4.1), business growth is measured in terms of invested capital growth rates. We calculated the WACGR for 2004–2008. Table 5–6 shows the financial capital invested at the start-up period and current size (at the time of this study). The findings indicate that at the start-up period, there were only two categories (micro and small businesses), in which the micro businesses dominated the sample (90.3%). However, at the time of study there were 41.7% micro, 57% small and 1.3% medium-sized businesses. There is a significant increase from micro to small businesses.

Table 5-6: Capital Invested

Capital Invested	Start-up size			Current size		
	female	male	Total	female	male	Total
MICRO	119(91.5%)	160(89.4%)	279(90.3%)	82(63.1%)	47(26.3%)	129(41.7%)
SMALL	11(8.5%)	19(10.6%)	30(10.1%)	48(36.9%)	128(71.5%)	176(57%)
MEDIUM	-	-	-	-	4(2.2%)	4(1.3%)
TOTAL	130	179	309	130	179	309

(Start-up size: chi-square .398, df = 1, p = 0.528); (current size: chi-square 43.175, df = 2, p = .000)

There are no significant gender differences in relation to the size of start-up capital. However, there are significant differences in relation to the current

size of financial capital: Men have access to more financial capital than women.

The second performance measure for business growth involves a subjective performance measure. Owner–managers were asked to indicate the extent to which they are satisfied with their current business performance. The measure was scaled from 1 (very unsatisfied) to 5 (very satisfied). The results show that the majority of owner–managers (53.2%) are not satisfied the business performance they have achieved. Only 4.2% were very much satisfied with the performance they have achieved. Regarding gender differences, the findings indicate that women are more satisfied with the performance they have achieved compared to men.

Table 5-7: Subjective Performance by Gender

Are you satisfied with the current business performance	Female	Male	Total
Very Unsatisfactory	17 (13.1%)	36 (20%)	53 (17.1%)
Not Satisfied	50 (38.5%)	115 (63.9%)	165 (53.2%)
Neutral	5(3.8%)	6 (3.3%)	11 (3.5%)
Satisfied	45 (34.6%)	23 (12.9%)	68 (21.9%)
Very Satisfied	13 (10%)	-	13 (4.2%)

Pearson's chi-square 45.752 df = 4, p = .000

5.4 Habitus

As mentioned previously, habitus is revealed through owner–managers' perceptions, aspirations, and actions. Chapter 3 (section 3.4.2) explains how these variables were measured. In this section, we present descriptive findings about these variables and their relationship with gender.

5.4.1 Perceptions

Regarding perceptions, we focus on individual perceptions toward challenges owner–managers face in their businesses. This construct has four statements, which were measured in a five-point Likert scale. Table 5–8 presents frequency distribution of owner–managers' perceptions toward the challenges facing their businesses. The results indicate that the majority of the owner–managers perceived lack of business skills and stiff competition in a market as not critical for their businesses. However, most of the respondents perceived lack of financial capital as a critical challenge for their businesses.

Table 5-8: Perceptions by Gender

Lack of business skills – Is it a challenge?	Female	Male	Total
Not a challenge at all	22 (16.9%)	28 (15.6%)	50 (16.1%)
Not a challenge	44 (33.8%)	70 (38.9%)	114 (36.8%)
Neutral	1 (8%)	11 (6.1%)	12 (3.9%)
Is a challenge	33 (25.4%)	43 (23.9%)	76 (24.5%)
Is a critical challenge	30 (23.1%)	28 (15.6%)	58 (18.7%)
Pearson's chi-square 8.525, df = 4, p = .074			
Competition – Is it a challenge?	Female	Male	Total
Not a challenge at all	10 (7.7%)	22 (12.2%)	32 (10.3%)
Not a challenge	46 (35.4%)	70 (38.9%)	116 (37.4%)
Neutral	6 (4.6%)	11 (6.1%)	17 (5.5%)
Is a challenge	43 (33.1%)	51 (28.3%)	94 (30.3%)
Is a critical challenge	25 (19.2%)	26 (14.4%)	51 (16.5%)
Pearson's chi-square 3.667, df = 4, p = .453			
Lack of Financial Capital – Is it a challenge?	Female	Male	Total
Not a challenge at all	7 (5.4%)	16 (8.9%)	23 (7.4%)
Not a challenge	21 (16.2%)	44 (24.4%)	65 (21%)
Neutral	11 (8.5%)	22 (12.2%)	33 (10.6%)
Is a challenge	36 (27.7%)	37 (20.6%)	73 (23.5%)
Is a critical challenge	55 (42.3%)	61 (33.9%)	116 (37.4%)
Pearson's chi-square 7.789, df = 4, p = .100			
Business Location – Is it a challenge?	Female	Male	Total
Not a challenge at all	15 (11.5%)	28 (15.6%)	43 (13.9%)
Not a challenge	36 (27.7%)	62 (34.4%)	98 (31.6%)
Neutral	10 (7.7%)	15 (8.3%)	25 (8.1%)
Is a challenge	48 (36.9%)	46 (25.6%)	94 (30.3%)
Is a critical challenge	21 (16.2%)	29 (16.1%)	50 (16.1%)
Pearson's chi-square 5.222, df = 4, p = .265			

Table 5–9 presents a correlation matrix regarding the relationship between the perception variables and business growth. The findings show that there is a positive²⁶ relationship between business growth and owner–managers' perceptions on how they perceive the challenges. Those owner–managers who perceive challenges as critical for their business growth have not achieved high business growth; whereas those who perceive challenges as not critical at all have managed to achieve high business growth. In general, there are no significant gender differences among the owner–managers in this sample in relation to owner–managers perceptions toward the challenges facing their businesses.

²⁶ Because perception statements were negatively worded; I reversed them to help prevent response bias (Pallant, 2005).

Table 5-9: Business Growth and Perceptions

	Variable	1	3	4	5	6
1	Business Growth	1				
2	Lack Of Business Skills	.462**	1			
3	Stiff Competition	.426**	.468**	1		
4	Lack Of Financial Capital	.520**	.478**	.501**	1	
5	Finding a good Business Location	.399**	.451**	.502**	.475**	1

5.4.2 Aspirations

Another aspect of habitus is individual aspirations. We assume that people with an entrepreneurial habitus are more likely to aspire high than those without an entrepreneurial habitus. Table 5–10 presents the five variables used to capture owner–managers’ aspirations. In general, the majority of owner–managers did not have high aspirations. However, there were significant differences between female and male owner–managers regarding their aspirations. Female-owner–managers did not aim very high in terms of expanding their businesses compared to male-owner–managers.

Table 5-10: Aspirations

I expect this business to grow and employ 50 people	Female	Male	Total
I strongly disagree	50 (38.5%)	44 (24.4%)	94(30.3%)
I disagree	32 (24.6%)	34 (18.9%)	66 (21.3%)
Neutral	7 (5.4%)	14(7.8%)	21 (6.8%)
I agree	11 (8.5%)	36 (20%)	47 (15.2%)
I strongly agree	30 (23.1%)	52 (28.9%)	82 (26.5%)
Pearson’s chi-square 14.284, df = 4, p = .006			
I have the capability to grow this business and employ 50 people	Female	Male	Total
I strongly disagree	55 (42.3%)	57 (31.7%)	112 (36.1%)
I disagree	26 (20%)	20 (11.1%)	46 (14.8%)
Neutral	6 (4.6%)	13(7.2%)	19 (6.1%)
I agree	14 (10.8%)	33 (18.3%)	47 (15.2%)
I strongly agree	29 (22.3%)	57 (31.7%)	86 (27.7%)
Pearson’s chi-square 12.457 df = 4, p = .014			
I have high ambition in my business	Female	Male	Total
I strongly disagree	45 (34.6%)	41 (22.8%)	86 (27.7%)
I disagree	20 (15.4%)	17 (9.4%)	37 (11.9%)
Neutral	12 (9.2%)	12 (6.7%)	24 (7.7%)
I agree	17 (13.1%)	41 (22.8%)	58 (18.7%)
I strongly agree	36 (27.7%)	69 (38.3%)	105 (33.9%)
Pearson’s chi-square 13.006 df = 4, p = .011			

I want to be a successful person	Female	Male	Total
I strongly disagree	50 (38.5%)	33 (18.3%)	83 (26.8%)
I disagree	20 (15.4%)	20 (11.1%)	40 (12.9%)
Neutral	10 (7.7%)	14(7.8%)	24(7.7%)
I agree	13 (10%)	39 (21.7%)	52 (16.8%)
I strongly agree	37 (28.5%)	74 (41.1%)	111 (35.8%)
Pearson's chi-square 21.989 df = 4, p = .000			
I want to build something that will be recognized publicly	Female	Male	Total
I strongly disagree	42 (32.3%)	33 (18.3%)	75 (24.2%)
I disagree	29 (22.3%)	24 (13.3%)	53 (17.1%)
Neutral	7 (5.4%)	14(7.8%)	21(6.8%)
I agree	18 (13.8%)	43 (23.9%)	61 (19.7%)
I strongly agree	34 (26.2%)	66 (36.7%)	100 (32.3%)
Pearson's chi-square 16.742 df = 4, p = .002			

Furthermore, we merged the five variables and computed one variable (see section 6.5). The results for cross-tabulation indicate that there is a significant positive relationship between aspirations and business growth. Owner-managers who have high aspirations are more likely to achieve higher growth than those owner-managers with low aspirations (see Table 5-11). These results are consistent with Davidsson (1991) and Wiklund and Shepherd (2003) who found that small business managers' aspirations to expand their businesses are positively related to actual business growth.

Table 5-11: Aspiration and Business Growth

Aspirations	Business Growth		
	NO	YES	TOTAL
LOW	111 (93.3%)	59 (30.9%)	170 (54.8%)
HIGH	8 (6.7%)	132 (69.1%)	140 (45.2%)
Total	119 (100%)	191 (100%)	310 (100%)

Pearson's chi-square 115.2, df = 1, p = .000

5.4.3 Actions

A person's habitus is also revealed through actions. Actions were measured using four statements (on a five-point Likert scale) involving the way owner-managers perform different activities relating to his or her business. We assume that owner-managers whose actions are driven by the entrepreneurial habitus have the ability to resolve any conflict arising in the

business, find a way of obtaining financial capital, and influence and motivate employees to perform well in the business.

Table 5-12 presents a frequency distribution of the four variables that capture owner–managers' actions. The results indicate that on average, owner–managers agree that their business experience has helped them to be more creative in their work. Similarly, most of them agree that they can resolve any conflict that arises in their businesses. Likewise, they agree that when they are faced with difficulties in obtaining financial capital, they are able to find the solution for that. However, the majority of the owner–managers were neutral in relation to their ability to motivate employees to perform well. This might be because most of the businesses (138 or 44.5%) did not have any employees. There are no significant differences among female and male owner–managers in relation to entrepreneurial actions.

Table 5-12: Actions

My business experience has helped me to be more innovative/creative in my work	female	male	Total
Strongly disagree	8 (6.2%)	8 (4.4%)	16 (5.2%)
Disagree	16 (12.3%)	31 (16.1%)	45 (14.5%)
Neutral	5 (3.8%)	2 (1.1%)	7 (2.3%)
Agree	50 (38.5%)	77 (42.8%)	127 (41%)
Strongly agree	51 (39.2%)	63 (35.6%)	115 (37.1%)
Pearson's chi-square 4.298, df = 4, p = .367			
I have learned that in any situations of conflict I'm better able to resolve any conflict quickly	female	male	Total
Strongly disagree	3 (2.3%)	4 (2.2%)	7 (2.3%)
Disagree	20 (15.4%)	27 (15%)	47 (15.2%)
Neutral	22 (16.9%)	24 (13.3%)	46 (14.8%)
Agree	63 (48.5%)	97 (53.9%)	160 (51.6%)
Strongly agree	22 (16.9%)	28 (15.6%)	50 (16.1%)
Pearson's chi-square 1.184 df = 4, p = .881			
My past experience has given me an ability to motivate others in driving my company to improve its performance	female	male	Total
Strongly disagree	3 (2.3%)	3 (1.7%)	6 (1.9%)
Disagree	16 (12.3%)	22 (12.2%)	38 (12.3%)
Neutral	53 (40.8%)	69 (38.3%)	122 (39.4%)
Agree	47 (36.2%)	55 (30.6%)	102 (32.9%)
Strongly agree	141 (8.5%)	31 (17.2%)	42 (13.5%)
Pearson's chi-square 5.270 df = 4, p = .261			
I am always able to find a way out when I encounter difficulties to obtain financial capital	female	male	Total
Strongly disagree	11 (8.5%)	7 (3.9%)	18 (5.8%)

Disagree	18 (13.8%)	29 (16.1%)	47 (15.2%)
Neutral	18 (13.8%)	27 (15%)	45 (14.5%)
Agree	62 (47.7%)	93 (51.7%)	155 (50%)
Strongly agree	21 (16.2%)	24 (13.3%)	45 (14.5%)
Pearson's Chi-square 3.695 df = 4, p = 0.449			

In Table 5–13, the results show that there is a positive significant relationship between owner–managers' actions with business growth. Owner–managers who have “positive”²⁷ actions have been able to achieve higher growth than those with “negative actions”.

Table 5-13: Actions and Business Growth

Variable	1	2	3	4	5
1 Business Growth	1				
2 Actions To Resolve Conflicts	.316**	1			
3 Actions To Obtain Financial Capital	.335**	.522**	1		
4 Actions To Motivate Employees	.313**	.452**	.460**	1	
5 Actions To Be Creative	.275**	.651**	.605**	.530**	1

5.5 Cultural Capital

Cultural capital is captured by the following variables: education, childhood SES, role model, previous employment experience, management experience, social environment, and ethnicity. The next sections present descriptive statistics of these variables and whether there are gender differences in relation to these variables.

5.5.1 Education Level

Table 5–14 presents information about education level of owner–managers. The findings show that most of the owner–managers had only primary education. The results also indicate that there are no significant differences between female and male owner–managers. This information is contrary to the general population in the country, which shows that men are more educated than women (URT, 2007a). Nevertheless, although this finding is contrary to the general population of Tanzania, it is consistent with Nchimbi (2002), whose sampled women were more educated than men.

²⁷ “Positive actions” means that owners–managers have the ability to solve any conflicts in the business, are creative, and have been able to find financial capital when needed.

This contradiction can be explained in two ways: first, in most economies, particularly in developing countries, the majority of business owners are by necessity entrepreneurs (Stevenson and St-Onge, 2005). This means that they enter into self-employment because there are no other opportunities available. In that regard, educated people are more likely to prefer paid jobs over self-employment. In the current study, there are more educated women who have chosen self-employment than men, possibly because the women wanted to be independent and flexible in terms of balancing work and family. Moreover, some women prefer self-employment because it gives them flexibility of combining job and family responsibilities (O'Brien, 1998).

Table 5-14: Education by Gender

Education level	Female	Male	Total
Primary School	58 (44.6%)	70 (38.9%)	128 (41.3%)
Secondary School	41 (31.5%)	55 (30.6%)	96 (31%)
College/University Education	31 (23.8%)	55 (30.6%)	86 (27.7%)
Total	130	180	310

Pearson's chi-square 1.848 df = 2 p = .397

Second, although the women in the sample seem to have higher education than men, the majority (60% of those who were previously employed) were employed in low-paying jobs such as teachers, nurses, secretaries, and office attendants. Therefore, low salaries might have motivated them to prefer self-employment over paid employment.

5.5.2 Childhood Socio-Economic Status

In this study, childhood socio-economic status (SES) was determined by the highest level of education attained by the owner-manager's parents. In the table below, we present owner-manager's SES which is based on the parents' highest level of education.

Table 5-15: Childhood SES by Gender

SES	Female	Male	Total
LOW	82 (63.1%)	93 (51.7%)	175 (56.5%)
HIGH	48 (36.9%)	87 (48.3%)	135 (43.5%)
Total	130	180	310

Pearson's chi-square 3.998.19, df = 1, p = .046

Table 5–15 presents owner–managers’ SES, which is based on the parents’ highest level of education. The findings show that the majority (56.5%) of the owner–managers in this study were coming from low SES families, and those 43.5% came from middle/high SES.²⁸ From the Table 5–15, the results indicate that there are significant differences between men and women in relation to their childhood SES. The results suggest that the majority of female owner–managers came from lower SES families than male owner–managers. Regarding the relationship between childhood SES and business growth (see Table 5-35), the results reveal that there is a significant relationship between the two variables ($r = .546, p < .01$). The majority of the owner–managers from middle and high SES have been able to attain high business growth, while those from low SES did not achieve high business growth.

5.5.3 Social Environment

This study assumes that the social environment where the owner-manager grew up has an impact on his or her future aspirations and in business growth. Those who grew up in cities are more likely to aspire high and achieve high business growth than those who grew in rural areas/villages. Table 5-16 indicates that 171 (55.2%) grew up in cities and towns, while 139 (44.8%) grew up in rural areas.

Table 5-16: Social Environment by Gender

Social Environment	Female	Male	Total
Lived in a Village	60 (46.2%)	79 (43.9%)	139 (44.8%)
Lived in a City/Town	70 (53.8%)	101 (56.1%)	171 (55.2%)
Total	130	180	310

Pearson’s chi-square 0.157, df = 1, $p = .692$

There are no significant gender differences among owner–managers in relation to social environment. Nevertheless, there is a significant relationship between social environment and business growth (see Table 5-35). The owner–managers who grew up in cities and towns are more likely to achieve higher business growth than owner–managers who grew up in the villages ($r = .569, p < .01$).

²⁸ Because of the small number of owners–managers in the middle and high SES, we combine the two categories into one group (high).

5.5.4 Role Model

Previous studies have noted that entrepreneurs are more likely to come from families in which the parents owned a business (Casson, 2005; Davidsson and Honig, 2003). This study also sought to know if owner-managers' parents had owned a business previously. Table 5-17 indicates that 195 (62.9%) owner-managers who were involved in this study indicated that their parents owned a business, compared with 115 (37.1%) whose parents did not own any business. The findings also show that there are no significant differences between female owner-managers and male owner-managers in relation to the ownership of business by their parents.

Table 5-17: Role Model by Gender

Parents owned a business?	Female	Male	Total
NO	46 (35.4%)	69 (38.3%)	115 (37.1%)
YES	84 (64.6%)	111 (61.7%)	195 (62.9%)
Total	130	180	310

Pearson's chi-square 0.281, df = 1, p = .596

However, there are significant differences in relation to business growth (see Table 5-35). Owner-managers whose parents owned business previously are more likely to aspire high and achieve higher business growth than those who did not have any role model ($r = .595, p < .01$).

5.5.5 Ethnicity

In this study, we hypothesize that the ethnic groups that are overrepresented in entrepreneurship represent cultures that put relatively more value on profit and capital accumulation. In Tanzania, the Chagga tribe is overrepresented in business ownership, and in this study, the Chagga people are overrepresented in the sample as well (26.8%).

Table 5-18: Ethnicity by Gender

Ethnic Group	Female	Male	Total
OTHERS	98 (75.4%)	129 (71.7%)	227 (73.2%)
CHAGGA	32 (24.6%)	51 (28.3%)	83 (26.8%)
Total	130	180	310

Pearson's chi-square .532, df = 1, p = .466

The Chagga proportion in business ownership is considered significant. Therefore, it is important to test whether ethnicity has an influence on business growth. To that end, we grouped all other ethnic groups into one category and compared them with Chagga group. Table 5-18 shows that there are no significant differences in relation to female and male owner-managers. Table 5-35 indicates that there is a significant relationship between ethnicity and business growth ($r = .357, p < .01$). The Chagga people are performing very well compared to other groups.

5.5.6 Previous Occupation

This study also sought to know the impact of owner-managers' prior paid employment experience on business growth. The findings establish that 115(37.1%) owner-managers had prior paid employment experience, 71(22.9%) were students before engaging in small business, 51(16.5%) had been involved in other businesses before starting the current business, 41(13.2%) were farmers, and 32(10.3%) were housewives. The gender differences are found in few categories in Table 5-19. Apart from "housewives" category, which consists of female owner-managers, more male owner-managers were previously engaged as firm owners and farmers than female owner-managers. Likewise, there are more male owner-managers who were ex-students than female owner-managers. However, there is no significant gender difference in relation to previous paid employment.

Table 5-19: Previous Occupation by Gender

Prev. Occupation	Female	Male	Total
Firm owner	15 (11.5%)	36 (20%)	51 (16.5%)
Farmer	6 (4.6%)	35 (19.4)	41 (13.2%)
Housewife	32 (24.6%)	0	32 (10.3%)
Student	24 (18.5%)	47 (26.1%)	71 (22.9%)
Paid employment	53 (40.8%)	62 (34.4%)	115 (37.1%)
Total	130	180	310

Pearson's chi-square 62.886, df = 4, p = .000

For further analysis, we also wanted to determine whether there is a significant relationship between owner-managers who had paid employment experience and owner-managers who were involved in other occupations in relation to business growth. To do so, we grouped previous occupations

into two groups: paid employment and nonpaid employment. Table 5–35 indicates that there is a significant relationship between previous experience and business growth. Those owner–managers who previously had paid jobs are more likely to achieve high business growth than those who were engaged in other activities.

5.5.7 Management Experience

To determine the extent to which management experience has contributed to growth of owner–managers’ businesses, we asked respondents to indicate whether they had a leadership position in their previous work. The results indicate that 32 (27.8%) out of 115 (owner–managers who were previously employed in a paid job) had been in management position, only 10.3% of the total sample size in this study (see Table 5–20). Furthermore, there are no significant gender differences among owner–managers in relation to management experience. However, there is a significant relationship between management experience and business growth ($r = .159$, $p < .01$). Owner–managers who had management positions are more likely to achieve high business growth.

Table 5-20: Management Experience by Gender

Mgt Experience	Female	Male	Total
No	115 (88.5%)	163 (90.6%)	278 (89.7%)
Yes	15 (11.5%)	17 (9.4%)	32 (10.3%)
Total	130	180	310

Pearson’s chi-square 0.358, df = 1, $p = .550$

5.6 Social Capital

Researchers have argued that social capital is important because it provides avenues for accessing important information sources and opportunities necessary for business start-ups and growth (Renzulli, Aldrich and Moody, 2000). This study sought to know how many networks owner–managers were involved in and how much they have benefited from the networks.

5.6.1 Professional Networks

Using other studies conducted in Tanzania (e.g. Nchimbi, 2002; Olomi, 2001), we identified five professional business organizations: FAWETA (Federation of Women Entrepreneurs in Tanzania), TAFOPA (Tanzania

Food Processing Association), VIBINDO (Viwanda na Biashara Ndogondogo – Industries and small businesses), and Tanzania Chamber of Commerce.

Table 5-21: Awareness of Professional Organizations by Gender

Organization	Female	Male	Total
FAWETA	28 (21.5%)	20 (11.1%)	48 (15.5%)
TAFOPA	15 (11.5%)	22 (12.2%)	37 (11.9%)
VIBINDO	27 (20.8%)	41 (22.8%)	68 (21.9%)
CHAMBER OF COMMERCE	18 (13.8%)	30 (16.7%)	48 (15.5%)

As shown in Table 5–21, most of owner–managers are not aware of the organizations; 15.5% were aware of FAWETA, 11.9% were aware of TAFOPA, 21.9% were aware of VIBINDO, and 15.5% of all owner–managers had knowledge about Tanzania Chamber of Commerce.

Very few owner–managers (27) belong to those professional organizations. Only 4 (1.3%) female owner–managers indicated to belong to FAWETA, 2 owner–managers were members of TAFOPA, 15 (4.8%) indicated to be members of Viwanda na Biashara Ndogondogo²⁹ (VIBINDO) and 6 (1.9%) were members of Tanzania Chamber of Commerce.

To determine the effect of professional networking on business growth, we grouped owner–managers into two categories: members and non-members of professional organizations. Table 5-35 indicates that there is significant relationship between professional networking and business growth ($r = .159$, $p < .01$).

Table 5-22: Membership to Professional Organizations by Gender

Organization	Female	Male	Total
FAWETA	4 (3.1%)	0	4 (1.3%)
TAFOPA	1 (0.8%)	1 (0.6%)	2 (0.6%)
VIBINDO	7 (5.4%)	8 (4.4%)	15 (4.8%)
CHAMBER OF COMMERCE	3 (2.3%)	3 (1.7%)	6 (1.9%)

²⁹ *Viwanda na Biashara ndogondogo* means “Industries and small businesses.”

5.6.2 Informal Networks

The study also sought to know whether owner–managers covered in the study are involved in other associations apart from professional organizations. The findings show that 92 (29.7%) were members of tribal association, 54 (17.4%) were involved in women’s/men’s groups, 125 (40.3%) were members of a religious group, and 63 (20.3%) were members of political parties.

To determine whether there is a difference between members and non-members of the associations in terms of business growth, we grouped respondents into members and non-members.

Table 5-23: Membership to Informal Networks by Gender

Association	Female	Male	Total
TRIBAL	46 (35.4%)	46(25.6%)	92 (29.7%)
WOMEN/MEN	51 (39.2%)	3 (1.7%)	54 (17.4%)
RELIGION	56 (43.1%)	69 (38.3%)	125 (40.3%)
POLITICAL	25 (19.2%)	38 (21.1%)	63 (20.3%)

This results in 227 (73.2%) owner–managers who were members of informal networks. Furthermore, it is revealed that more female owner–managers were involved in the informal networks than male owner–managers.

Table 5-24: Informal Networks by Gender

Informal Networks	Female	Male	Total
NO	28 (21.5%)	55 (30.6%)	83 (26.8%)
YES	102 (78.5%)	125 (69.4%)	227 (73.2%)
Total	130	180	310

Pearson’s chi-square 3.130, df = 1, p = .077

These results are consistent with Chan and Foster (2001), who find that informal networks were more important to female business owners than to male business owners. Likewise, Verheul, Risseuw, and Bartelse (2002) find that women’s networks are mainly organized around spheres of work, family, and social life, but also women were more likely to participate in gender homogenous networks than their male counterparts. The findings also support this: 39.2% of female owner–managers were members of

women's groups compared with only 1.7% of male owner-managers who were members of men's groups.

5.6.3 Benefits Received through Networking

After identifying different organizations and associations of which owner-managers were members, we also asked what kind of benefits they have gained from those networks. The benefits mentioned can be grouped into four categories: credit information, market information, product information, and how to manage business.

Table 5-25: Networking Benefits by Gender

Benefit	Female	Male	Total
Credit Information	46 (35.4%)	40 (22.2%)	86 (27.7%)
Market Information	16 (12.3%)	13 (7.2%)	29 (9.4%)
Product Information	11 (8.5%)	7 (3.9%)	18 (5.8%)
Business skills	26 (20%)	23 (12.8%)	49 (15.8%)

Table 5–25 indicates that 86 (27.7%) owner-managers have benefited by getting credit information, 29 (9.4%) benefited by getting market information, 18 (5.8%) received product information and 49 (15.8%) were able to get information on how to manage their businesses. Moreover, Table 5–26 reveals that female owner-managers have benefited more from networking in all areas than male owner-managers.

Table 5-26: Received Benefits

Received Benefits?	Female	Male	Total
NO	59 (45.4%)	119 (66.1%)	178 (57.4%)
YES	71 (54.6%)	61 (33.9%)	132 (42.6%)
Total	130	180	310

Pearson's chi-square 13.263, df = 1, p = .000

In addition, the findings indicate that the relationship between benefits received and business growth is significant (see Table 5–35). This means that those who benefited from networks are more likely to achieve higher business growth than those who did not benefit from networks.

5.7 Financial Capital

One of the factors that are influencing a person's decision to become an entrepreneur is the availability of financial resources to start and grow the business. This study sought to know the size and sources of the start-up capital, the size of the current capital and whether owner-managers have been able to receive credit from banks and from MFIs.

5.7.1 Start-up Capital

Table 5–27) reveals that majority (89.9%) of the respondents had start-up capital of less than TZS5 million, followed by owner-managers who had start-up capital between TZS5 million to 10 million. There were only six (2%) respondents who had start-up capital of more than TZS10 million. The minimum and maximum start-up capitals are TZS 1,500 and 15million respectively, having a mean of 1,386,904.53 and a standard deviation of 2,120,654.401. This indicates a large variation in the start-up capital among owner-managers. For further analysis, we applied logarithms to reduce skewness in the data.

Table 5-27: Start-up Capital by Gender

Category	Female	Male	Total
Below 5mill	115 (89.1%)	161 (90.4%)	276 (89.9%)
5mill to 10mill	11 (8.5%)	14 (7.9%)	25 (8.1%)
above 10mill	3 (2.3%)	3 (1.7%)	6 (2%)
Total	129	178	307

Pearson's chi-square 0.211, df = 2, p = .900

Regarding the sources of start-up capital, the findings reveal that a majority (57.9%) of the owner-managers started from their own savings, 32% received start-up capital from friends and families, and 10% acquired start-up capital from other sources such as trade credit and UPATU³⁰. These results are consistent with the ILO (2003) study in Tanzania, which finds that 67.2% of respondents started their businesses by using own savings and 21.1% received credit from friends and family members.

No one in the current study received a start-up capital from banks/MFIs. These results are consistent with the results from the case study in Chapter

³⁰ UPATU is a revolving credit scheme, mostly used by women.

4, in which we found that banks and MFIs do not offer credit as a start-up capital but instead offer credit only to existing businesses.

Table 5-28: Sources of Start-up Capital by Gender

Source	Female	Male	Total
Own Savings	74 (57.4%)	105 (58.3%)	179 (57.9%)
Assistance from Family and Friends	43 (33.3%)	56 (31.2%)	99 (32%)
Other Sources	12 (9.3%)	19 (10.6%)	31 (10%)
Total	129	180	309

Pearson's chi-square 0.264, df = 2, p = .884

5.7.2 Current Financial Capital

Table 5–29 consists of information about the current size of the financial capital. There is an increase in the size of financial capital. At start-up, the majority of owner–managers had financial capital below TZS5million, but at the time of this study, most of the owner–managers had financial capital between TZS 5million and 10million. The minimum and maximum current financial capital is TZS 15,000 and TZS 400million respectively; with a mean of 10,201,690.94 and a standard deviation of 36,250,000. Because of the substantial variation in financial capital, we applied logarithms to reduce skewness in the data.

There are no significant gender differences in relation to the size of start-up capital. However, there are significant differences in relation to the current size of financial capital: Men have better access to financial capital than women.

Table 5-29: Current Financial Capital by Gender

Capital size	Female	Male	Total
Below 5mill	70 (53.8%)	60 (33.5%)	130 (42.1%)
5mill to 10mill	48 (36.9%)	95 (53.1%)	143 (46.3%)
11mill to 100mill	12 (8.5%)	20 (11.2%)	32 (10.3%)
above 100mill	0	4 (2.2%)	4 (1.3%)
Total	130	179	309

5.7.3 Access to Loan

This study also sought to know whether owner–managers have been able to access loan for their businesses. Table 5–30 shows that 120 (38.7%)

respondents managed to get loan from banks and MFIs. Of 120 respondents, 62 (47.7%) were female owner–managers, and 58 (32.2%) were male owner–managers.

Table 5-30: Access to Loan by Gender

Received a loan?	Female	Male	Total
No	68 (52.3%)	122 (67.8%)	190 (61.3%)
Yes	62 (47.7%)	58 (32.2%)	120 (38.7%)
Total	130	180	310

Pearson's chi-square 7.614, df = 1, p = .006

The results also indicate that more women have received loans than men in the study. This finding is not consistent with what other researchers have found that on average women are less likely to access financial capital than men (e.g., Marlow and Patton, 2005). The results might have been caused by the presence of several MFIs that give small loans to women in the country. Table 5–31 shows that 58 (48.4%) entrepreneurs received their credit from banks and 62 (51.6%) received it from MFIs.

Table 5-31: Sources of Loans by Gender

From	Female	Male	Total
Bank	16 (25.8%)	42 (72.4%)	58 (48.4%)
MFIs	46 (74.2%)	16 (27.6%)	62 (51.6%)
Total	62	58	120*

Pearson's chi-square 34.434, df = 2, p = .000; (*The total number of respondents who received loan)

However, 46 (74.2% of those who received loans) women received their loans from MFIs. In contrast, the majority (72.4%) of male owner–managers secured their loans from banks. This difference might have been due to lack of collateral (for the case of women), which is needed to secure bank loans. This is because previous policies in Tanzania did not allow women to own houses or other properties that can be used as collateral for them to secure credit from the banks. Most MFIs do not use property as collateral, but they need people to form a group of five or more to guarantee individual member borrowers who do not have tangible assets. If one person in the group fails to pay the loan, other members will have to pay the loan on behalf of the defaulter. This method has proved a successful way of helping women to access financial capital.

In Table 5–35, the results indicate that there is significant relationship between access to loan and business growth. This means that owner–managers who have access to loans are more likely to achieve high business growth than those who did not have access to loans.

5.8 Business Characteristics

This section presents descriptive results about the business characteristics: firm age, firm size, and legal status. These variables have been included in the study as control variables.

5.8.1 Firm Age

The minimum age of businesses in this study is 3 years, and maximum age is 30 years, with a mean of 8.54 years and standard deviation of 5.3 years. This indicates a significant variation, and the variable is not normally distributed. Therefore, for further analysis, we applied natural logarithms to normalize the data. For the case of gender, there were no significant gender differences in relation to firm age.

Table 5-32: Firm Age

No. of years	Female	Male	Total
3 yrs to 9 yrs	95 (73.1%)	117 (65%)	212 (68.4%)
10yrs to 20 yrs	28 (21.5%)	55 (30.6%)	83 (26.8%)
above 20 yrs	7 (5.4%)	8 (4.4%)	15 (4.8%)
Total	100.0%	100.0%	100.0%

Pearson’s chi-square 3.150 df = 2, p = .207

5.8.2 Firm Size

As noted in section 5.3.3, the majority of the owner–managers employed between zero and two employees. Only 12% had up to five people. At the start-up, no businesses had more than ten employees. During the time of this study, only 5.5% of small businesses had more than ten employees. Comparing this number of employees with the definition of Tanzania SME Development policy³¹ indicates that the majority (89.3%) of the businesses

³¹ Micro enterprises (1–4 employees- up to 5mill); Small (5–49 employees-; up to 200mill); Medium (50–99 employees: up to 800mill); Large (more than 100 employees; and more than 800 mill).

falls within the category of micro businesses category and 10.7% within the small business category.

Table 5-33: Firm Size (Number of Employees)

No. Employees	Start-up size			Current size		
	female	male	Total	female	male	Total
0 - 2 employees	92.3%	91.6%	91.9%	83.8%	77.0%	79.9%
3 - 5 employees	7.7%	6.7%	7.1%	10.0%	15.2%	13.0%
6 - 10 employees	-	1.7%	1.0%	5.4%	5.6%	5.5%
More than 10 employees	-	-	-	5.4%	5.6%	5.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

5.8.3 Legal Status

The results in Table 5-33 show that at the start-up, 169 (54.5%) owner-managers were operating their businesses informally, while 139 (44.8%) were sole proprietors, and 2 (.6%) were partnership businesses. Current legal status indicates that there are 104 (33.5%) informal businesses, 197 (63.5%) sole proprietors and 9 (2.9%) partnership businesses. The sole proprietors and partnership are registered businesses. These results are consistent with the ILO (2003) findings, which indicate that 88% of the businesses in its study were sole proprietorship.

Given the very small number of businesses that are run as partnerships, one cannot ascertain any statistical meaningful effect of business partnership on business growth. Therefore, for further analysis, we created a dummy variable with 1 = registered businesses and 0 = informal businesses.

Table 5-34: Legal Status

Status	Status at the Start-up			Current status		
	female	male	Total	female	male	Total
informal	53.8%	55.0%	54.5%	33.8%	33.3%	33.5%
sole proprietorship	46.2%	43.9%	44.8%	63.1%	63.9%	63.5%
partnership	-	1.1%	.6%	3.1%	2.8%	2.9%
Total	100%	100%	100%	100%	100%	100%

5.9 Business Growth and Other Variables

Table 5-35 presents a correlation matrix for all variables in this study. The findings reveal that business growth is significantly related to the most of the predictors proposed in this study. Regarding the relationship between education and business growth, the results indicate that owner-managers with higher education level are more likely to perform well than those who have low education levels. Similarly, there is a significant relationship between childhood SES and business growth. The majority of the owner-managers from high SES have been able to attain high business growth, while those from low SES did not achieve high business growth. Likewise, there is a significant relationship between childhood SES and owner-managers' aspirations. The results are consistent with what we found in case study results (see Chapter 4). Owner-managers from middle and high SES families are more likely to aspire high than the owner-managers from low SES families.

Regarding the social environment, the owner-managers who grew up in cities and towns are more likely to achieve higher business growth than owner-managers who grew up in the villages. Similarly, owner-managers whose parents owned businesses previously are more likely to aspire high and achieve higher business growth than those who did not have any role model. The results also indicate that there is a significant relationship between ethnicity and business growth. The Chagga people are performing very well compared with other groups.

In relation to previous employment experiences, the findings reveal that there is a significant relationship between previous experience and business growth. Those owner-managers who previously had paid jobs are more likely to achieve high business growth than those who were engaged in other activities. Likewise, there is a significant relationship between management experience and business growth. Owner-managers who had management positions were more likely to achieve high business growth than those who did not have management positions in their previous employment.

Table 5-35: Correlation Matrix

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1 Bus.Growth	1																						
2 Perfor_Satisfaction	-.146**	1																					
3 Aspirations	.610**	-.223**	1																				
4 Perceptions	.336**	-.112*	.274**	1																			
5 Actions	.215	-.118*	.288**	.242**	1																		
6 Education	.452**	-.244**	.593**	.278**	.348**	1																	
7 Prev_Experience	.263**	-.032	.162**	.184**	.132**	.225**	1																
8 Ethnicity	.357**	-.107	.330**	.109	.003	.224**	.048	1															
9 Role Model	.595**	-.194**	.548**	.221**	.276**	.362**	.182**	.274**	1														
10 Childhood SES	.546**	-.236**	.563**	.330**	.211**	.415**	.161**	.218**	.417**	1													
11 Social Envirt	.569**	-.186**	.636**	.218**	.246**	.437**	.222**	.223**	.475**	.465**	1												
12 Access_to_Loan	.246**	-.044	.224**	.038	.211**	.172**	.034	.088	.235**	.170**	.237**	1											
13 Start-Up Capital	.322**	-.048	.339**	.137*	.301**	.359**	.094	.058	.221**	.280**	.304**	.115*	1										
14 Gender	.324**	-.360**	.219**	.063	.031	.075	.003	.041	.030	.220*	.020	-.05	-.013	1									
15 Mgt_Experience	.159**	-.148**	.225**	.07	.139*	.315**	.310**	.058	.171**	.151**	.157**	.144*	.076	.052	1								
16 Prof Network	.159**	-.054	.182**	.027	.117*	.160**	.047	.058	.128*	.194**	.135*	.144*	.124*	-.012	.129*	1							
17 Informal Network	.107	-.022	.066	.097	.241**	.193**	.102	-.029	.038	.046	-.003	.211**	.156**	-.115*	.109	.085	1						
18 Network_ Benefits	.143*	-.015	.149**	.123*	.211**	.134*	.108	.083	.176**	.099	.134*	.293**	.096	-.174*	.201**	.244**	.462**	1					
19 Family Size	-.298**	.193**	-.315**	-.002	-.06	-.183**	.054	-.267**	-.234**	-.229**	-.299**	.001	-.146*	-.178**	-.09	-.132*	.182**	.072	1				
20 Firm Age	.114*	-.130*	.055	-.057	.106	-.006	.048	-.023	.064	.105	.083	.106	-.212**	.056	.11	.033	.011	.208**	.028	1			
21 Legal Status	.240**	-.051	.164**	.119*	.335**	.216**	.136*	.121*	.098	.114*	.156**	.06	.201**	.047	.129*	-.03	.203**	.114*	.023	.041	1		
22 Firm Size	.182**	-.063	.231**	.151**	.267**	.220**	.118*	-.011	.130*	.159**	.195**	.149**	.105	.077	.336**	.07	.057	.145*	-.02	.199**	.07	1	
23 Bus_Location	.189**	-.199**	.147**	.080	.199**	.218**	.085	-.093	.149**	.054	.130*	.081	.258**	.065	.137*	.026	.307**	.150**	.087	-.095	.111	1	

Regarding social capital variables, the findings indicate that there is a significant relationship between professional networking and business growth. In addition, the findings reveal that the relationship between benefits received and business growth is significant. This means that those who benefited from networks are more likely to achieve higher business growth than those who did not benefit from networks. However, there is no significant relationship between informal networks and business growth. This finding is consistent with what Renzulli, Aldrich, and Moody (2000) find: Female networks do not have a positive and significant influence on their business performance.

5.10 Chapter Summary

This chapter presents descriptive results of owner–managers and their businesses. The results attest that the respondents’ demographic characteristics covered in this study are not substantially different from the characteristics of small businesses reported in other studies in Tanzania. Furthermore, the results indicate that there is a significant relationship between business growth and most of the variables in the study. Only few variables, such as informal networks, entrepreneur’s age, and marital status, are not significantly related to business growth.

The findings also reveal that for most of the variables, there are no significant gender differences among studied owner–managers. However, there are some significant gender differences in a few variables. For example, under cultural capital, the significant differences are childhood SES (male owner–managers in this study were more likely to come from high socioeconomic families than female owner–managers). Similarly, in social capital variables, there are significant gender differences in relation to informal networking and benefits received through networking. The findings show that women are more involved in the informal networks than men, and that they have benefited from those networks.

Regarding financial capital, there are significant gender differences in relation to the current size of financial capital and access to loan. Although women have accessed more loans than men, men have more financial capital at their disposal than women.

Moreover, the descriptive findings show that there is a significant relationship between habitus variables and business growth. Owner–managers with the entrepreneurial habitus are more likely to achieve higher business growth than owner–managers without entrepreneurial habitus.

Furthermore, the findings show that most of the businesses are micro and small. Very few managed to graduate into medium-sized businesses. The study has also established that the majority (97%) of businesses are run as sole proprietorship and 66% were registered businesses.

Having presented the descriptive results of owner–managers and their businesses, the next chapters present the multivariate analysis of data to examine which variables have a significant impact on business growth.

Chapter 6: Capitals and Growth Aspirations: The Role of Gender as a Moderator

6.1 Introduction

The existing literature about growth aspirations has provided inconclusive findings in relation to growth of female-owned businesses. Some of the studies have shown that female entrepreneurs deliberately choose not to grow their businesses (see Goffee and Scase, 1985; Lee-Gosselin and Grisé 1990; Morris et al., 2006). These studies have studied only female-owned businesses, and they did not compare them with male-owned businesses. Although these studies provide useful insights about female entrepreneurs' aspirations, the lack of male control groups prevents performance comparisons across gender. Moreover, where comparisons between male and female entrepreneurs were made, the empirical findings have also produced mixed results. Some researchers have found that women are less motivated to grow their businesses than their male counterparts (Rosa et al. 1996), while other researchers (e.g., Cliff, 1998; Kolvereid, 1992; Storey, 1994) find that male and female entrepreneurs seem equally likely to desire business growth. Therefore, these inconclusive findings call for further research.

The particular interest to this chapter is that culture and traditions play a significant role in shaping owner–managers' aspirations. In particular, socialization processes orient people toward particular goals; and the use of the cultural capital acquired from their families, provides the means necessary to achieve their goals (Bourdieu, 1986). Several researchers have studied owner–managers' growth aspirations in the entrepreneurship field. Some (e.g., Barkham, 1994; Basu, 2004; Cliff, 1998; Davidsson, 1991; Elijah-Mensah, 2010; Kolvereid, 1992; Manolova et al., 2007; Morris et al., 2006; Olomi, 2001) have found that entrepreneurial growth aspiration is a key determinant for small business growth. However, those who have studied the factors influencing entrepreneurial growth aspirations have not examined the influence of the social background (cultural capital passed down from the family) on owner–managers' aspirations.

This study is inspired by Bourdieu's theoretical framework, with his concept of *habitus*. The gender differences in relation to owner-manager's aspirations can be caused by what Bourdieu (1990) describes as the habitus; defined as a system of lasting and transposable dispositions that, integrating past experiences, functions constantly as a matrix of perceptions, appreciations, and actions and makes possible the achievement of diversified tasks. Habitus is developed during childhood as a person grows to understand her or his position in the society. According to Bourdieu (2005:45), habitus is a non-natural set of acquired characteristics that are the product of social conditions and that, for that reason, may be totally or partially common to people who have been the product of similar social conditions. Through continuous socialization in different social conditions, people develop their careers and aspirations; in addition, because of their habitus, which is embodied, they can understand which aspirations and careers are possible (Bourdieu, 2001). Bourdieu (2001:23) argues that it is only after a formidable collective labour of diffuse and continuous socialization processes that the distinctive identities instituted by the cultural capital are embodied in habitus that are clearly differentiated according to division of labour.

Therefore, because of different social backgrounds, people develop different perceptions of the world, and they have different future aspirations. Educational researchers (e.g., Dumais, 2002; Jacobs et al., 1991; McClelland, 1990) have found that there is a positive relationship between individual cultural capital obtained in a family and education performance, and between cultural capital and work aspirations. However, little is known about the impact of culture and family socialization on owner-manager's aspirations. Therefore, this study explores whether one's gender and cultural capital passed down by the family play a significant role in shaping owner-manager's future aspirations.

The chapter proceeds as follows: The next section presents the theoretical arguments and formulate hypotheses about the impact of sociocultural background and gender socialization on business growth aspirations. Then, we present the results and discuss them in relation to theory and their implications for both scholars and policy makers (for a discussion of measurements, see Chapter 3, section 3.4).

6.2 Theory and Hypotheses

6.2.1 Entrepreneurial Growth Aspirations

Economic theorists have approached the owner–manager from an individualistic perspective by assuming that owner–managers of small businesses have economic aspirations, mostly those of profit maximization (Davidsson, 1991). Although some economic theorists such as Schumpeter (1934) acknowledge that some owner–managers may have non-economic aspirations (e.g. the desire to innovate and venture into new areas and the desire to enter into new markets), generally, economic theories assume that owner–managers make their business decisions (to expand or not) based on the resources available (Barney, 1991; Peteraf, 1993). Nevertheless, these theories ignore the role the owner’s–manager’s social background and social relationships such as family members, which play an essential role in shaping a person’s growth aspirations and behaviour.

Whilst recognizing the importance of these theories, this study follows Bourdieu’s theoretical framework³², which focuses on the influence of socialization processes and cultural capital in developing people’s aspirations. According to Bourdieu, childhood socialization processes are essential in developing future aspirations. He argues that aspirations are formed by an internalization of objective probabilities for success (Bourdieu, 1977). People develop their future aspirations and ambitions according to the social class position they were born into (Bourdieu, 1993). It has been found by educational researchers that people who grow up in a relatively high social class are more likely to develop high aspirations, and are more likely to have thoughts of success, are able to see the connection between effort and reward. Moreover, they tend to believe that they are capable of achieving more ambitious goals than people from a less privileged class (McClelland, 1990). The influences of significant persons, reference groups, social status, and ethnic group are also key components which have a critical impact on the development of people and their conceptions of their possible futures (Jacobs et al., 1991). Thus, past experiences, which include the effects of socialization processes, and people’s observations and actions, accumulate into habitus which shapes someone’s worldview, in particular with future aspirations and expectations (McClelland, 1990).

³² See section 2.5.1 for details.

6.2.2 Cultural Capital and Growth Aspirations

As Chapter 2 (see section 2.8.1) indicates, cultural capital has been defined differently by different scholars. In this study, we adopt Bourdieu's (1993) definition of cultural capital as forms of knowledge, skills, education, and any advantages a person has, which give him/her a higher status in a society, including high expectations. According to Bourdieu (1986), cultural capital can be acquired, to a varying extent, depending on the period, the society, and the social class. Bourdieu used cultural capital to explain differences in educational performances in France. According to him, these differences depend on the cultural capital, which has been passed down by the family, which, in turn, is largely dependent on *social class*. Different capabilities and competences are determined by cultural capital obtained from the family (Bourdieu, 1986). It is argued that children who have more cultural capital (having been exposed to it from birth in their upper middle- and upper-class families) feel more comfortable in schools, communicate easily with teachers, and are therefore more likely to perform well in school. On the other hand, lower-class students find the school environment different from their home environment and therefore lack the capital necessary to perform well in school (De Graaf et al., 2000).

Empirically, we have found that cultural capital has been studied mostly by education researchers (De Graaf et al., 2000; DiMaggio, 1982; Dumais, 2002), in examining educational performance and work aspirations. In relation to the entrepreneurship field, to our knowledge we only found Basu and Goswami (1999) who included cultural factors (country of origin, religion, father's occupation, percentage of relatives who are self-employed, percentage of relatives in same line of business, family networks, community friends as source of information) in explaining the business growth among Asian business persons in the UK. However, they focused only on business growth, and they did not study business manager's aspirations. It has been argued that by internalizing in the social structure, a person comes to appreciate which adult statuses and aspirations are possible to reach and which ones are impossible (Mickelson, 2003). Therefore, we would like to examine the influence of cultural capital passed down by the family on growth aspirations.

As we have mentioned above, we define cultural capital after Bourdieu's definition: forms of *knowledge, skills, education*, and any advantages a person has, which give him/her a higher status in society. In addition, theoretically, it has been argued that people who grow up in a relatively high *social class* are

more likely to develop higher aspirations, than those people from a less privileged social class (Bourdieu, 1977; McClelland, 1990). Likewise, the influences of *significant persons, reference groups, social status, and ethnic group* are key components which have a critical impact on the development of people and their conceptions of their possible futures (Bourdieu, 1990; Jacobs et al., 1991). Therefore, based on these theoretical arguments, we extract the following variables: *childhood SES, social environment, role model, ethnicity, education, and experience*.

Childhood Socio-economic Status (SES): Previous research indicates that there is strong relationship between a person's social class position and his or her aspirations (Dumais, 2002; Jacobs et al., 1991; McClelland, 1990). People develop future ideas and aspirations based on the social class they were born into. One of the measures of social class is SES (Warner, Meeker and Eells, 1949)³³, which is being used in this study. Therefore, we propose that:

H_{1a}: Owner-managers who come from high socio-economic status will have high growth aspirations

Social Environment: Apart from family influence (i.e. childhood SES), we are also interested to find out whether social environment in which an owner-manager grew up does influence his or her future aspirations. According to Bourdieu (2001:61) permanent dispositions are also developed through collective expectations from the society: Collective expectations, "positive or negative, through the subjective expectations that they impose, tend to inscribe themselves in bodies in the form of permanent dispositions". This means that the society where they grew up has a role to play in their future aspirations and ambitions. Similarly, educational researchers have found that students from rural areas have lower educational and career aspirations than their urban peers (Breen and Quaglia, 1991; Cobb et al., 1989). Breen and Quaglia (1991) reported that rural students aspire to lower levels of higher education and express lower levels of self-confidence in completing the degree requirements. Haller and Virker (1993) found that the difference between aspirations of rural young people and urban areas exist because of lower SES of many rural families. It is argued that young people aspire to what they know or can imagine

³³ For details of measures of social class see chapter 2, section 2.8.7

(Bajema et al., 2002). Due to lack of success examples and career diversity, the aspirations of rural young people are limited by the geographical and cultural context of the communities (Haller and Virkler, 1993).

Therefore, this study examines whether growth aspirations among owner-managers who lived in villages are significantly different from those who lived in towns and cities. We assume that the social environment where an entrepreneur grew up has a positive impact on his or her future aspirations. Those who grew up in cities are more likely to have high aspirations for growth than those who grew up in villages.

H_{1b}: The social environment in which an owner-manager grew up has an impact on his or her future aspirations.

Role model: According to the social learning theory³⁴ by Bandura (1977), people tend to develop certain behaviors or future aspirations by observing behaviors and attitudes of others in the same environment. The learning process transmits social norms, language, and educational aspirations and shapes career preferences through observational learning and modeling (Bandura, 1977). It is also argued that the group in the same environment serves as a powerful anchor that limits the level of individual aspiration. People tend to use others who are similar or have similar levels of abilities as a source for their aspirations (Quaglia and Cobb, 1999).

Studies have noted that entrepreneurs are more likely to come from families in which the parents owned a business (Casson, 2005; Davidsson and Honig, 2003). In addition, it is argued that having a parent who owns a business increases the likelihood of not only becoming an entrepreneur but also success in business (Honig, 1998). Therefore, we assume that owner-managers whose the parents who owned a business are more likely to have high growth aspirations.

H_{1c}: Owner-managers with parents or close relatives who owned a small business have high growth aspirations

Entrepreneur's Ethnic Origin: Although Bourdieu did not examine the influence of ethnicity on a person's aspirations, he does emphasize family and childhood socialization as an essential part on shaping aspirations. This study was conducted in Tanzania, where there are more than 120 ethnic

³⁴ For the details, see chapter 2 section 2.5.2

groups with different cultural values. Members of a particular ethnic group share relatively enduring beliefs, values, and attitudes (Olomi, 2001). Culture influences the type and frequency of the personal qualities found within a society (Trevisan, 1997) and is likely to have a significant bearing on a person's growth motivation. A culture that values profit and capital accumulation is more likely to produce more growth-motivated entrepreneurs than one that values technical excellence in particular trades (Olomi, 2001).

Moreover, studies conducted in Africa have shown that certain ethnic groups are more entrepreneurial than others in the sense that they are overrepresented in self-employment. These include the Kikuyu in Kenya, Ibo in Nigeria, Gwa and Twa in Ghana, and Chagga in Tanzania (Olomi, 2001; Olutayo, 1999; Trevisan, 1997). In explaining this entrepreneurial behavior among the Ibo tribe in Nigeria, LeVine (1966) argues that the way status was achieved in a society was reflected in parental values and child-rearing practices. The child-rearing practices in turn influence the level of individual achievement motivation and other personality characteristics. He finds that the Ibo society depended on the excellence attained in a person's occupation. This led to early training for independence and initiative, which results in a high level of achievement motivation (Hoorweg, 1972). Likewise, researchers have observed that the Ibo admire "the man of energy", and they stress the following qualities in upbringing their children: property, money, honesty, and loyalty to relatives (Olutayo, 1999).

Stahl (1969: 210) discovered a unique feature in the Chagga of Tanzania: "Chagga people are outward looking people. They go out to trade, seize every opportunity, adapt innovation, absorb newcomers, grasp the economic and education ladders to success". Similarly, Moore and Puritt (1977:73) find that the Chagga society was open to change and accepted numerous innovations long before Europeans came to Africa. They argue that "the receptiveness to innovation did not come alone with colonial government, but had been part of the Chagga scene very much earlier".

In addition to the intrinsic motivation, the domination of the Chagga in business ownership can also be explained by an external factor of land scarcity for farming in the Kilimanjaro region. Historically, the Chagga people are farmers; they cultivate bananas and maize (as staple food) and

coffee as a cash crop. However, due to the growing population in the area³⁵, farms have been greatly reduced in size forcing some Chagga people to move to other areas in search of employment (Howard, 1994; Nchimbi, 2002); and most of them turned to self-employment. Because of the Chagga people's openness to new ideas and readiness to take new opportunities, when faced with the challenge of land scarcity, they did not hesitate to move to new areas to start small businesses. Therefore, we hypothesize the following:

H_{1d}: Entrepreneurs from the Chagga tribe have high growth aspirations

Education: Researchers maintain that education equips people with the knowledge and skills they need to effectively manage and succeed in their businesses. As the level of education increases, this in turn increases the ability of an individual entrepreneur to cope with problems and seize opportunities that are important to the growth of the firm (Storey, 1994). Regarding the relationship between education level and growth aspiration, studies have shown that entrepreneurs with high levels of education are likely to be motivated to expand their businesses as compared with entrepreneurs who have low levels of education (Davidsson, 1991; Kolvereid, 1992; Olomi, 2001). Therefore, we propose that:

H_{1e}: Owner-managers with a high education level have high growth aspirations

Previous Work Experience: Previous studies have found that prior paid employment by an entrepreneur increases not only the likelihood of someone starting his or her own business (Lin, Picot and Compton, 2000), but also has the potential to increase the survival rates for their businesses (Boden, Richard and Nucci, 2000). Thus, we hypothesize the following:

H_{1f}: Owner-managers with previous work experiences have high growth aspirations

Management Experience: Management experience of an individual entrepreneur in terms of managerial responsibilities before entering into business can also affect the success of a business by both male and female entrepreneurs. For example, Cassar (2006) finds that managerial experience of the entrepreneur is positively related to intended business size. However, some studies have established that most of females involved in

³⁵ In 2002, Kilimanjaro was the third region with high population density in the country (after Dar es Salaam and Mwanza). Source: National Bureau of Statistics:
http://www.nbs.go.tz/index.php?option=com_content&view=article&id=103&Itemid=114

entrepreneurship have less managerial experience in comparison to their male counterparts (Coleman, 2007). Therefore, we hypothesize the following:

H_{1g}: Owner-managers with management experience have higher growth aspirations than those who have no prior previous management experience.

6.2.3 Social Capital and Growth Aspirations

The concept of social capital can be traced back to the works of Bourdieu (1986) and Coleman (1988). Bourdieu (1986:249) defines social capital as “the aggregate of the actual or potential resources which are linked to the possession of a durable *network* of more or less institutionalized relationships of mutual acquaintance and recognition”. He treats the concept as instrumental, focusing on the advantages that owners of social capital can have; and the deliberate construction of sociability for the purpose of creating this resource (Portes, 1998). In contrast, Coleman (1988) defines social capital in terms of the *social relationships* that are established between people, authority, and relationships of trust and norms. Like other forms of capital, social capital is productive, making it possible to achieve certain goals that would not be feasible in its absence. Coleman identifies three distinct forms of social capital: obligations and expectations, information channels, and social norms. In addition, Putnam (1995:67) also defines social capital as the characteristics of the social organisation such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit.

Researchers maintain that an entrepreneur’s personal network is a tool by which a person acquires resources needed for business growth (Liao and Welsch, 2003). Empirically, it has been found that there is a positive relationship between utilizing appropriate networks and the rates of business formation, survival, and growth (Aldrich et al., 1989). Lerner et al., (1995) assert that network affiliation among other factors has a greater impact on businesses performance than does social learning or environmental factors. Zhao and Aram (1995) argue that networking is not only important at business start-up but also through growth stages. It is also argued that extensive social ties and interactions may increase an entrepreneurs’ accessibility to resources and increase the likelihood of locating clients for their products and services and suppliers to their new ventures (Liao and Welsch, 2003).

In relation to growth aspirations, we found two studies: Liao and Welsch (2003) and Manolova et al. (2007) which both have stressed the influence of embeddedness on growth aspirations. Liao and Welsch (2003) studied the extent to which growth aspirations of technology-based entrepreneurs and of non-technology ventures can be affected by three dimensions of social capital (i.e. structural, relational, and cognitive). They found that technology-based entrepreneurs benefited more from relational embeddedness (the freer and greater exchange of non-redundant information), while non-technology-based entrepreneurs benefited more from structural embeddedness (the extensiveness of social networks). Manolova et al. (2007) examine the influence of human capital (i.e., education and prior experiences) and networking on growth expectancies, in which they find that advice received through networking is positively related to growth expectancies.

Therefore, it is assumed that people with a wide network (formal and informal) are more likely to generate novel ideas and identify business opportunities, have access to necessary resources, and therefore initiate a series of activities that lead to business growth. Thus, we hypothesize the following:

H_{2a}: The more an owner-manager is involved in networking (informal and professional) the higher is his or her the growth aspirations

H_{2b}: Advice received through networking is positively related to growth aspirations

6.2.4 Financial Capital and Growth Aspirations

Bourdieu does not refer to financial capital in his writing, but he does address economic capital. He defines economic capital as the ability to command over economic resources (cash or assets) and that which is immediately and directly convertible into money (Bourdieu 1986). We acknowledge that economic capital is more than financial capital; however, in this study, we focus only on the financial capital, which is a part of economic capital. It has been established that financial capital is the one of the important factors influencing small business owners' decision to expand their businesses. Previous research has found that firms with higher level of financial capital are more likely to achieve high business growth than firms with less capital (Cooper et al., 1994; Lee et al., 2001). Likewise, Cooper et al. (1994) indicates that the amount of financial capital available determines the venture survival; they found that the level of capitalization contributed

to venture survival and growth. Wiklund and Shepherd (2003) also find that access to financial capital had a direct effect to business growth. However, access to adequate levels of financial capital is one of the obstacles that hinder small entrepreneurs from expanding their businesses (Hughes and Storey, 1994). Small entrepreneurs starting up a business usually have little financial capital with which to finance their businesses, and access to capital from other sources is difficult to acquire (Verheul, 2005). Consequently, most of the small entrepreneurs use their own sources for financing their businesses. However, Becchetti and Trovato (2002) and OECD (1998) suggest that firms with more access to external finance grow much more than low-leverage firms.

Studies that have explored the relationship between growth aspirations and access to financial capital have found that access to financial capital is positively related with growth aspirations (Gundry and Welsch, 2001; and Liao and Welsch, 2003). Therefore, we are proposing that:

H_{3a}: The size of current financial capital has a positive relationship with owner's growth aspirations.

H_{3b}: The level of access to loans has a positive relationship with owner's growth aspirations.

6.2.5 Gender and Growth Aspirations

In general, prior research has explained differences between women and men from two perspectives: a nature perspective or a nurture perspective. This debate focuses on the influence of heredity and environment on a person's behaviour. The argument for the nature perspective is that gender differences are the results of biological nature. Some researchers argue that genetic evolution has contributed to gender differences in human behaviour (Costa et al., 2001). That is, nature determines men and women to make different decisions in their lives. Conversely, sociologists, anthropologists, and psychologists (nurture perspective) argue that gender differences are initiated by early and on-going socialization processes (Carter et al., 1997). They contend that human behaviour can be understood only through culture and the principles of learning.

In this study, we assume that different gender socialization processes lead to different ways of seeing the world and, accordingly, different ways of

practicing entrepreneurship because people learn about gender and acquire sex-appropriate behaviour during childhood. Bussey and Bandura (1999) suggest that the differences in social experiences of boys and girls lead to relatively enduring gender differences in attitudes, interest, skills, and aspirations that continue into adulthood.

The same applies to the entrepreneurship field; women's motives for launching and managing a new business may differ from men (Manolova et al., 2007) due to different socialization processes. Instead of an economic entity designed to achieve high profits, women may perceive their businesses as "cooperative networks of relationships" in which business relationships are integrated rather than separated from family, societal, and personal factors (Brush, 1992). This will lead to different approaches on how to manage businesses, and eventually to different business performance (Cliff, 1998). Therefore, we are considering *gender as a moderator variable* in the framework, as it affects the direction and/or strength of the effect of independent variables on growth aspirations. In that regard, we propose the following hypotheses:

H₄: The effect of independent variables (cultural, social, and financial capital) on growth aspirations are different for male and female owner-managers.

6.2.6 Control Variables

We included firm characteristics as control variables; previous studies have found that owner-managers' growth aspirations are related to firm age, size, and legal status (e.g. Manolova et al., 2007; Olomi, 2001; Tominc and Rebernik, 2006). Therefore, we assumed that there will be a positive relationship between firm size and owner-managers' aspirations. Likewise, we assumed that legal status will be positively related to owner-managers' aspirations. Those who have registered their businesses are more likely to have high aspirations for growth than those who own informal businesses. Conversely, we expected that firm age will be negatively related to owner-managers' aspirations. It has been found that entrepreneurial aspirations seem to be higher with nascent entrepreneurs than among entrepreneurs whose businesses existed for a longer period of time (Tominc and Rebernik, 2006). We also include owner-managers' demographic information such as age (in groups), marital status (married vs. not married, and family size (number of people in the house).

Table 6-1 summarises all variables and hypotheses to be tested in this chapter.

Table 6-1: Construct, Variables and Hypotheses

Construct	Variable	Hypothesis
Cultural Capital	Childhood SES	H1a: Owner-managers who come from high socio-economic status will have high growth aspirations
	Social Environment	H1b: The social environment in which an owner-manager grew up has an impact on his or her future aspirations
	Role Model	H1c: Owner-managers with parents or close relatives who owned a small business have high growth aspirations
	Ethnicity	H1d: Entrepreneurs from the Chagga tribe have high growth aspirations
	Education	H1e: Owner-managers with a high education level have high growth aspirations
	Previous Experience	H1f: Owner-managers with previous work experiences have high growth aspirations
	Mgt Experience	H1g: Owner-managers with management experience have higher growth aspirations than those who have no prior previous management experience.
Social Capital	Informal and Professional Network	H2a: The more an owner-manager is involved in networking (informal and professional) the higher is his or her the growth aspirations
	Benefits received	H2b: Benefits received through networking is positively related to growth aspirations
Financial Capital	Current Financial Capital	H3a: The size of current financial capital has a positive relationship with owner's growth aspirations.
	Access to Loans	H3b: Access to loans has a positive relationship with owner's growth aspirations.
Gender Effects	Gender	H4: The effects of independent variables (cultural, social, and financial capital) on growth aspirations are different for male and female owner-managers.

6.3 Methods

The data used in this chapter were collected from four regions of Dar es Salaam, Morogoro, Dodoma and Mwanza in Tanzania. The sample size consisted of 130 female owner-managers and 180 male owner-managers³⁶. The data consisted of the following key issues, which are based on the prevailing body of knowledge: owner's personal history (parents' SES), owner's education qualifications, previous work experiences and the

³⁶ For the detail of data collection procedures, see chapter three.

influence of significant persons in terms of role models and networking relationships. We also collected business information (e.g. firm size, age, financing sources and the size of the financial capital).

The description of measurements of variables has been done in chapter three (see section 3.4), however in Table 6-2, we present a brief description of the variables that has been analysed in this chapter.

Table 6-2: Measurements of Variables

Variable	Measurement	Variable type
Growth Aspirations	Whether or not owner-manager has high growth aspirations	Dummy
Education	The highest education level attained	Ordinal
Prev. Experience	Whether or not owner-manager was employed	Dummy
Mgt Experience	Whether or not an owner-manager had management experience	Dummy
Social Envrt	Whether owner-manager grew up in a village or in a city/town	Dummy
Ethnicity	Whether or not an owner-manager is a Chagga	Dummy
Role model	Whether a parent/close relative owned a business before	Dummy
Childhood SES	The highest education level attained by the parents	Ordinal
Profes Network	Whether or not owner-manager is a member of professional associations	Dummy
Informal network	Whether or not the respondent has strong informal networks	Dummy
Network Benefits	Whether or not respondent has benefited from the networks	Dummy
Access to loan	Whether one had access to loans from banks or MFIs or not	Dummy
Current Financial capital	The LOG of the current size of the financial capital	Continuous
Gender	Whether one is male or female	Nominal
Initial firm size	Size in terms of number of employees (in groups)	Ordinal
Firm Age	Number of years in business (LOG (YRS))	Continuous
Legal Status	Whether business is registered or informal	Dummy
Location	Whether a business is located in big cities or small cities	Dummy
Owner-manager's Age	Number of Years	Continuous
Marital status	Marital status in four categories	Nominal
Family size	Number of people in the house	Continuous

6.4 Descriptive Results

To determine the factors that have the greatest influence on growth aspirations, we analysed the survey data using several approaches: frequencies, means, Pearson correlations, and chi-square tests. (Chapter 5 presents the results.) Given that this chapter focuses on aspirations, we hereby present briefly the results about work aspirations, growth aspirations, and gender differences in relation to these variables.

We captured aspirations in two ways. First, we asked about work aspirations (i.e., what type of a job the respondent aspired to at the age of 15 years). Table 6–3 presents the descriptive results. The results indicate that almost a majority (42.3%) aspired to become a professional in different fields, followed by those who wanted to be business owners (39%).

Table 6-3: Work Aspirations by Gender

Work Aspiration at 15 yrs old	Female	Male	Total
To be a business owner	30 (23.1%)	91 (50.6%)	121 (39%)
To be a farmer	3 (2.3%)	7 (3.9%)	10 (3.2%)
To be professional in a specific field	71 (54.6%)	60 (33.3%)	131 (42.3)
Don't remember	26 (20%)	22 (12.2%)	48 (15.5%)
Total	130 (100%)	180 (100%)	310 (100%)

Pearson's chi-square 26.227, df = 3, p = .000

The results also reveal that there are significant gender differences regarding work aspirations: The majority of female owner–managers (54.6%) aspired to be employed in a professional field, whereas the majority of male owner–managers (50.6%) wanted to become business owners.

Furthermore, we asked owner–managers whether they had achieved aspirations they had at the age of 15 years. Table 6-4 shows that 152 (58%) out of 262³⁷ owner–managers achieved their aspirations.

³⁷ The total number of owners–managers who aspired to such at the age 15 years was 262.

Table 6-4: Achieved aspirations

Work Aspiration at 15 yrs old	Achieved Aspirations?		
	No	Yes	Total
To be a business owner	-	103 (67.8%)	103 (39.3%)
To be a farmer	16 (14.6%)	6 (3.9%)	22 (8.4%)
to be a professional	94 (85.6%)	43 (28.3%)	137 (52.3%)
Total	110 (100%)	152 (100%)	262 (100%)

Pearson's chi-square 70.652 df = 2, p = .000;

Furthermore, the results indicate that only 43 (28.3%) owner–managers who aspired to work in specific fields were able to achieve their aspirations. From the preceding figures, we deduced that most of the owner–managers (85.6%) who aspired to become professionals did not achieve their aspirations. A possible explanation for this is low levels or simply lack of education.

Table 6-5: Reasons for not achieving aspirations

Reasons	Female	Male	Total
I did not perform well in my exams	15 (27.3%)	10 (19.2%)	25 (22.5%)
Parents did not have money for my education	34 (60.7%)	42 (73.2%)	76 (68.5%)
I got pregnant	3 (5.4%)	0	3 (2.7%)
My aspirations changed when I grew up	4 (7.1%)	3 (5.5%)	7 (6.3%)
Total	56 (100%)	56 (100%)	111 (100%)

We asked for the reasons why respondents have not been able to achieve their aspirations. Among 111 owner–managers who responded to the question (Table 6–5); 25(22.5%) indicated that they could not achieve their aspirations because they failed their primary education examinations; 76 (68.5%) said their parents did not have money to support their education; 3 (2.7%) became pregnant; and 7 (6.3%) changed their aspirations as they grew up. All these reasons (with the exception of the change of aspirations) indicate that the owner–managers could not achieve their aspirations because they lacked the opportunity to continue with further education. As a result, they could not acquire knowledge and skills needed to fuel achievement of their aspirations. The education level of owner–managers shows that none of them reached a college/university level.

Regarding gender differences, 104 female owner–managers had different aspirations at age 15 years. However, only 51 (49%) managed to achieve their aspirations. On the other hand, there were 158 male owner–managers with different aspirations; and 101 (63.9%) of the owner–managers were able to realize their aspirations. The gender difference is significant at 5%.

Table 6-6: Achieved Aspirations by Gender

Achieved Aspiration?	Female	Male	Total
No	53 (51%)	57 (36.1%)	110 (42%)
Yes	51 (49%)	101 (63.9%)	152 (58%)
Total	104 (100%)	158 (100%)	262 (100%)

Pearson's chi-square 5.705, df = 2, p = .017;

In addition, we asked owner–managers about the reasons for starting their businesses (start-up motives). The question was an open-ended one, in which owner–managers provided different reasons. The reasons given were grouped into three categories: economic necessity reasons (e.g., to provide basic needs for my family, business was the only available choice), need for achievement reasons (e.g., I wanted to be successful, I wanted to be rich, I wanted to be an international businesswoman/man) and need for independence (e.g., I wanted to do something for myself). Table 6-7 shows that the majority of women (62.3%) started their business because of economic necessity, and only 8.5% wanted independence. Conversely, the majority of men (52.2%) focused mainly on the need for achievement.

Table 6-7: Start-up Reasons

Start-up reasons	Female	Male	Total
Economic Necessity	81 (62.3%)	77 (42.8%)	158 (51%)
Need for Achievement	38 (29.2%)	94 (52.2%)	132 (42.6%)
Independence	11 (8.5%)	9 (5%)	20 (6.5%)
Total	130	180	310

Pearson's chi-square 16.422, df = 2, p = .000

Furthermore, we asked owner–managers to indicate their future business aspirations (growth aspirations—the dependent variable in this chapter). Five questions successfully used in previous studies (see section 3.4.2 for more details) measured growth aspirations. To ensure that scale has

acceptable reliability, we performed factor analysis on these five items; all five items loaded highly on a single factor (Table 6–8). Therefore, we created one variable out of the five items. The scale has Cronbach's $\alpha = .926$, and corrected item-total correlations ranged from .776 to .820, indicating that the scale has acceptable reliability. According to Field (2009), item-total correlations values should be above .3.

However, the variable created was not normally distributed. In examining the data, we found that some respondents were selecting extreme responses (1s and 5s). The choice of extreme responses might have been contributed by the limited literacy of respondents. A good number of respondents (41.3%) had only primary education. Some previous studies have found that extreme and acquiescent response styles are related to low education and low cognitive ability (Meisenberg et al., 2006). In their analysis, Meisenberg and Williams (2008) find that extreme responses were favoured by low-education and low-income respondents in most countries.

Table 6-8: Measurements of Growth Aspirations

Question	Factor Loading
I have high ambition in my business	0.891
I want to be a successful person	0.889
I have the capability to grow this business and employ 50 people	0.883
I want to build something that will be recognized publicly	0.870
I expect this business to grow and employ 50 people	0.856

Therefore, to minimize this response bias effect, we converted the scores from a numeric value to a binary score³⁸ and used a frequency distribution of scores to determine a suitable breakpoint value that separates the upper 50th percentile from the lower 50th percentile. Therefore, we measured growth aspiration as a dummy variable (1 = high growth aspirations and 0 = low growth aspirations).

The descriptive results for growth aspirations are presented in Table 6–9. The results show that 54.8% of the owner–managers had low growth aspirations, while 45.2% had high growth aspirations. In addition, the results reveal that there are significant gender differences regarding growth aspirations. There are 54.4% of male owner–managers who have high

³⁸ Mueller and Thomas (2001) also use this approach.

growth aspirations, as opposed to 32.3% of female owner–managers who have high growth aspirations.

Table 6-9: Growth Aspirations and Gender

	Female	Male	Total
Low Growth Aspirations	88 (67.7%)	82 (45.6%)	170 (54.8%)
High Growth Aspirations	42 (32.3%)	98 (54.4%)	140 (45.2)
Total	130	180	310

Pearson's chi-square 14.936, df = 1, p = .000

Table 6-10 presents the information about the relationship between work aspirations and growth aspirations.

Table 6-10: Work and Business Growth Aspirations

Work Aspiration	Low Growth Aspirations	High Growth Aspirations	Total
To be a business owner	65 (53.7%)	56 (46.3%)	121 (100%)
To be a farmer	7 (70%)	3 (30%)	10 (100%)
To be professional	56 (42.7%)	75 (57.3%)	131 (100%)
Don't remember	42 (87.5%)	6 (12.5%)	48 (100%)
Total	170	140	310

Pearson's Chi-square 29.397, df = 3, p = 0.000

The findings reveal that there are significant differences between the groups. We found that 75 (57.3%) of those who wanted to be professionals have high growth aspirations, followed by the business owners group (56; 46.3%). However, the majority (87.5%) of those who did not remember their aspirations did not aim high for their businesses.

Table 5–35 (in chapter 5) shows that growth aspiration is significantly related to most of the variables. Only a few variables (informal networks, firm age, entrepreneur age, and marital status) are not significantly related to growth aspiration.

6.5 Multivariate Analysis of the Model

To ensure that multicollinearity was not a threat to the model, we first performed diagnosis for multicollinearity (calculation of tolerance and VIF

values³⁹). A tolerance close to 1 means there is little multicollinearity, whereas a value close to 0 suggests that multicollinearity may be a threat to a model, while higher degrees of multicollinearity are reflected in higher VIF values above 10 (Hair et al., 2006). In the case of the current model, the results indicate that the tolerance values range from 448 to 838; and values for VIF range from 1.208 to 1.887. This suggests that multicollinearity is not a significant problem to the data.

The nature of the multivariate analysis chosen depends greatly on the nature of the data collected. The data in this study are mainly binary and categorical with very few continuous variables. The dependent variable in this chapter is growth aspiration and is a binary variable. (See sections 3.4.2 and 6.4 for more details on how this variable was measured).

There are several alternative approaches to modelling dichotomous outcomes, including logistic regression, probit analysis, and discriminant function analysis. Given the nature of the data (most of the variables are binary and categorical), we opted to use a logistic regression.

While logistic regression has the same application as a discriminant analysis, it is usually preferred to apply the latter one because its assumptions are more flexible and fit the data types of this study better. Compared with discriminant analysis, logistic regression is by far the most commonly used analysis, as it is more robust to the violation of the normality assumption related to categorical predictors (Cooper et al., 1994).

Logistic regression permits prediction of discrete outcomes, such as group membership, from a set of predictors that may be continuous, dichotomous, or a combination of any of these. In addition, the predictors do not need to be linearly related and normally distributed or have equal variance within each group. In contrast, while discriminant analysis can be used to predict group membership, it can only be used with continuous independent variables. Thus, in case predictors are categorical or a combination of continuous and categorical, logistic regression is preferred to other approaches. In addition, logistic regression analysis takes into account the correlation among the exogenous variables (Fabowale et al., 1995) because logistic regression analysis employs the principle of linear combinations, in

³⁹ Tolerance is the amount of variability of the selected independent variable not explained by the other independent variables, and is calculated as $1 - R^2$ (R^2 is the amount that independent variable that is explained by all of the other independent variables in the model). A variance inflation factor (VIF) is the reciprocal of the tolerance value, which shows how much the variance of the coefficient estimate is being inflated by multicollinearity (Hair, et al., 2006).

which association among several variables is considered and yields unbiased and efficient estimates of beta coefficients, which is not possible with the use of an ordinary least square regression analysis (ibid.).

Therefore, this section presents the results of the multivariate analysis of the relationship between the independent variables and the dependent variable (growth aspiration). As shown previously, the dependent variable is binary; therefore, on the basis of the type of our available data, we concluded that the appropriate statistical method to fit the data is a logistic regression model.

We applied the logistic model to the data to test the research hypothesis that the likelihood that an owner-manager is having high growth aspiration is related to his or her cultural capital, social capital, financial capital, and to his or her gender. Table 6–11 presents the results of this model. Before discussing the effect of individual predictors, we present information about model fit and its adequacy.

6.5.1 Overall Model Evaluation

A logistic model provides a better fit to the data if it demonstrates an improvement over the intercept-only model (the model without any predictors) (Field, 2009). The findings of this study show that the intercept model had -2Log likelihood of 425.639; a model with only control variables has -2Log likelihood of 333.091, and a model with all variables has -2Log likelihood of 140.166. With only control variables, the base model has been improved by χ^2 (7) of 92.548, and it is significant at $p < .001$. The model with all predictors explains a significant amount of the original variability, with χ^2 (22) of 285.473, and it is significant at $p < .001$, indicating that the model fitted data well.

Another measure used to test the goodness-of-fit of the model is the Hosmer-Lemeshow test. The model with only control variables yielded a χ^2 (8) of 15.355 and was not significant⁴⁰ ($p = .053$); however, this model explains only 21.7% of the variance of the dependent variable (growth aspirations). The model with all predictors yielded a χ^2 (8) of 5.810, which was not significant ($p = .669$), thus indicating a good fit of the data into the

⁴⁰ For the Hosmer and Lemeshow test, a significance value greater less than .05 indicates poor fit of the data in the model (Pallant, 2009).

model. Likewise, Cox and Snell R^2 and Nagelkerke R^2 indicate the amount of variation in the dependent variable explained by the model. In the full model, the two values are .603 and .806, suggesting that between 60.3% and 80.6% of the variability is explained by the independent variables used in this model. In addition, we also calculated Pseudo⁴¹ R^2 , which is similar to the coefficient of determination in multiple regressions (Hair et al. 2006). Pseudo R^2 measure is 67.1%, suggesting that the independent variables used in this model explain 67.1% of variance in owner-manager's growth aspirations.

6.5.2 Hypotheses Testing

To test the hypotheses, we fit a logistic model for the whole sample, which tested H_{1a-g} , H_{2a-b} , and H_{3a-b} . For H_{4a-b} , we fit a logistic regression model for men and women separately to test gender effects and then applied the Chow (1960) test⁴² to examine whether the two models are significantly different from each other.

We started by entering only the control variables in the model. Table 6–11, column 2, reports the results. This model explains only 21.7% of the variation in the model; firm size ($\chi^2 = 33.071, p < .001$) and family size ($\chi^2 = 28.908, p < .001$) are only significant predictors of growth aspirations.

In the next stage, we applied a general-to-specific approach (hierarchical backward stepwise method). In this approach, the analysis begins with a full model (Table 6–11, column 3). Then, variables that do not significantly contribute to how well the model predicts the dependent variable are eliminated from the model in an iterative process. The fit of the model is tested after the elimination of each variable to ensure that the model still adequately fits the data. When no more variables can be eliminated from the model, the analysis has been completed (Field, 2009). The advantage of this approach is that the model construction proceeds from a general model in a more structured, ordered (and statistically valid) approach, avoiding the worst of data mining (Charemza and Deadman, 1997). In addition, this allows identification of those variables most strongly and robustly correlated

⁴¹ $R^2_{\text{LOGIT}} = ((-2\text{LL}_{\text{null}} - (-2\text{LL}_{\text{model}})) / -2\text{LL}_{\text{null}})$ (Hair, et al., 2006)

⁴² A Chow test determines whether the coefficients from two regression analyses are the same. To test this, we must run three regressions: one for each group and one for the entire sample. For the logistic model, I used a chi-square: $\chi^2 = -2\ln L_c - [-2\ln L_1 + (-2\ln L_2)]$, where $\ln L_c$ is the fitted log-likelihood for the combined sample, $\ln L_1$ the fitted log-likelihood for group 1, and $\ln L_2$ the fitted log-likelihood for group 2. Under the null hypothesis that $\gamma = \beta$ (i.e., that regressor effects are the same across groups), χ^2 has a chi-squared distribution with degrees of freedom equal to the difference in the number of parameters estimated in the combined versus the separate sample approaches (DeMaris, 2004).

with the dependent variable. Table 6-11, column 4, presents the results of this specific model.

Table 6-11: Logistic Regression Output for Growth Aspiration

Control Variables			General model		Specific model	
Predictor	β (SE)	Wald	β (SE)	Wald	β (SE)	Wald
Intercept	-.457 (.583)	1.886	-13.333 (3.638)***	13.431	-14.216 (3.076)***	21.491
Family size	-.336 (.062)***	28.908	-.106 (.115)	.846		
Entrepren_Age	-.024 (.346)	.005	.671 (.668)	1.007		
Marital status	.381 (.325)	1.372	.126 (.534)	.055		
Legal status	.446 (.297)	2.265	-.944(1.113)	.719		
Firm age	.324 (.554)	.342	-.517 (.556)	.864		
Location	.446 (.295)	2.284	.430 (.520)	.685		
Firm size	1.669 (.290)***	33.071	-.046 (.580)	.006		
Childhood_SES			1.566 (.478)***	10.715	1.563 (.439)***	12.656
Role Model			2.085 (.551)***	14.314	2.201 (.538)***	16.710
Ethnicity			.923 (.493)*	4.117	.865 (.459)*	3.559
Social Envrt			2.095 (.573)***	13.386	1.955 (.494)***	15.634
Educ (Sec) ⁴³			1.175 (.611)*	3.701	1.303 (.531)*	6.256
Educ (College)			1.798 (.661)**	7.403	1.863 (.593)**	9.882
Prev_Occupation			-.323 (.507)	.406		
Mgt Experience			.181 (.882)	.042		
Informal Network			-.210 (.698)	.091		
Professional Network			.555 (.900)	.381		
Network_Benefits			.156 (.575)	.074		
Access_to_Loan			-.124 (.510)	.059		
Current_Financial_Capital			1.449 (.569)**	6.497	1.361 (.464**)	8.583
Gender			1.012 (.498)*	4.122	.919 (.458)*	4.028
-2logL (χ^2)	333.091		140.166		145.233	
Hosmer and Leme $-\chi^2$	15.355(8)(p= .053)		5.810(8) (p= .669)		6.436 (8) (p=.598)	
Cox and Snell R^2	25.9%		60.3%		59.6%	
Nagelkerke (R^2)	34.6%		80.6%		79.8%	
Pseudo R^2_L	21.7%		67.1%		65.9%	
N	309		309		309	

+p<.10, *p< .05, **p< .01, ***p< .001

⁴³ The variable *education* is a categorical, having three categories. For Multivariate analysis (logistic), we created two dummy variables (Secondary and College/University); reference group is a primary education

As the results in columns 3 and 4 in Table 6–11 suggest, H_{1a} is supported: *childhood SES* has a significant influence on owner-manager's growth aspirations ($\chi^2 = 12.656, p < .001$). Likewise, H_{1c} is also supported: The *social environment* in which an owner-manager grew up is positively related to owner-manager's growth aspirations ($\chi^2 = 15.634, p < .001$).

There is also a support for H_{1c} : The *presence of role models* is significantly associated with growth aspirations ($\chi^2 = 16.710, p < .001$). Similarly, the findings confirm that owner-managers from *Chagga* group which is over-represented in business ownership have high growth aspirations ($\chi^2 = 3.559, p < .05$), in support of H_{1d} . The results also reveal that the level of *education*, (secondary and college/university education) is significantly related to growth aspirations ($\chi^2 = 6.256, p < .05$; $\chi^2 = 9.882, p < .01$), in support of H_{1e} . However, two hypotheses under cultural capital (H_{1f} and H_{1g}) are not supported. The findings indicate that prior employment experience and management experience were not significantly associated with growth aspirations.

For the case of social capital, both hypotheses (H_{2a} and H_{2b}) were not supported. The results show that being a member of a professional organization or an informal association is not a significant predictor of growth aspirations. Likewise, the variable *benefits received through networking* is not significantly related to growth aspirations.

Regarding the influence of financial capital on growth aspirations, the findings reveal that the current size of financial capital has a significant influence on growth aspirations ($\chi^2 = 8.853, p < .01$). This gives support to H_{3a} ; however, access to loan was not significantly related to growth aspirations. Thus, H_{3b} is not confirmed.

6.5.3 Gender Differential Effects

Table 6.8 indicates that there are significant gender differences in relation to growth aspirations ($\chi^2 = 14.936 (1); p < .001$), which means that male owner-managers have higher growth aspirations than female owner-managers. To test H_4 (gender differential effects), there are two appropriate approaches, according to DeMaris (2004). The first is to compare the model across the levels of an explanatory variable (in this case, gender); which allows calculation of separate equations for the two groups and then examination of whether the coefficients for independent variables are statistically significantly different across the groups. The second one is to utilize product

terms between a moderator and predictors. In this study, we applied both approaches, because the first method tests whether there are differences in the effects of independent variables across female and male owner-managers on growth aspirations. The second method provides the details of which variables are moderated by gender. The purpose of using the two approaches was to check the robustness of results.

To test whether the effects of the independent variables are different for females and males, we use the Chow test (see section 6.5.2 for the details). We applied the ‘general to specific’ approach in estimating a logistic regression model for men and women separately. Table 6.12 presents the results.

Observing the coefficients for both models, the findings suggest that there are some differences in regressor effects across the two groups. However, there must be a statistical justification that the two groups are significantly different. The test statistic for coefficient invariance across groups, is $\chi^2 = 140.166 - (39.625 + 77.311) = 23.23$. The test has 21 degrees of freedom⁴⁴. Therefore, the test result is significant at $p < .05$. On the basis of these results, we conclude that the effects of independent variables on growth aspirations across the two groups (female and male owner-managers) are different.

With regard to cultural capital variables, the results demonstrate that both female and male growth aspirations are significantly influenced by *the role model* and *social environment*. However, *childhood SES* ($\chi^2 = 17.446$, $p < .001$) and *ethnicity* ($\chi^2 = 3.596$, $p < .05$) are only significant predictors for women growth aspirations but not for men. In contrast, *education level* ($\chi^2 = 10.027$, $p < .001$) and *previous employment experience* ($\chi^2 = 2.619$, $p < .05$) are significantly affecting growth aspirations for male owner-managers but not for women’s growth aspirations.

The results for the financial capital show that the *current size of financial capital* ($\chi^2 = 11.392$, $p < .001$) has a positive impact on male growth aspirations, but not for women. In contrast, while *access to loan* has a positive impact on growth aspirations for women ($\chi^2 = 3.180$, $p < .10$), its impact on men is

⁴⁴ χ^2 has a chi-squared distribution with degrees of freedom equal to the difference in the number of parameters estimated in the combined versus the separate sample models (DeMaris, 2004)

insignificant. Moreover, social capital variables were not significantly associated with growth aspirations for either male or female sample.

Table 6-12: Logistic Regression for Growth Aspiration (Female and Male Model)

	General (female)	Specific (female)	General (Male)	Specific (Male)
Predictor	B (SE)	B (SE)	B (SE)	B (SE)
Intercept	-19.752 (12.665)	-7.046 (1.781)***	-13.726 (9.006)**	-14.957 (3.812)***
Family Size	.293 (.241)		-.410 (.179)*	-.291 (.126)*
Entrepreneur Age	.727 (1.601)		1.161 (1.013)	
Marital Status	.499 (1.136)		.965 (.802)	
Legal Status	-.854 (1.362)		-.310 (.790)	
Firm Age	.227 (2.860)		-2.191 (1.577)	
Location	.709 (1.042)		-1.548 (.987)	-1.599 (.726)+
Firm Size	-.353 (1.385)		1.238 (.717)+	
SES	3.711 (1.345)**	3.812 (.913)***	.926 (.615)	
Role Model	4.930 (2.548)*	4.028 (1.467)**	2.340 (.738)**	2.362 (.631)***
Ethnicity	1.662 (1.283)	1.741 (.918)*	.166 (.726)	
Social Envrt	2.278 (1.238)*	1.438 (.875)	2.615 (.885)**	1.880 (.607)**
Education (Sec)	1.010 (1.745)		2.265 (.906)*	1.740 (.626)**
Educ (College)	1.206 (1.753)		2.787 (.964)**	2.262 (.714)**
Prev Occupation	.066 (.976)		2.197 (1.219)*	
Mgt Experience	.553 (1.575)		.183 (1.259)	
Informal Network	.791 (1.620)		-.743 (.916)	
Profes Network	.654 (1.552)		-.483 (1.412)	
Network Benefits	-2.890 (1.760)	-1.539 (.914)	1.636 (.854)	
Access_to_Loan	1.972 (1.416)	1.783 (1.000)+	-1.143 (.782)	
Current_Finan_Capital	1.347 (1.824)		1.965 (.800)*	1.954 (.579)**
-2logL (χ^2)	39.625	44.977	77.311	92.061
Hosmer and Leme(χ^2)	0.653 (8) (p= .999)	1.264 (8) (p=.996)	11.902(8) (p= .156)	7.956 (8) (p=.438)
Cox and Snell (R^2)	61.9%	60.3%	61.2%	55.9%
Nagelkerke (R^2)	86.1%	83.8%	81.8%	77.4%
Pseudo R^2_L	76.1%	72.7%	68.7%	62.7%
N	130	130	179	179

+p<.10, *p< .05, **p< .01, ***p< .001

Regarding the control variables, we found that *business location* is significantly related to growth aspirations for men ($\chi^2= 3.333$, $p < .01$), but in a negative direction. This indicates that while controlling for other factors, men who lived in small cities were more likely to have high growth aspirations than

those in big cities. This finding is contrary to expectations. A possible explanation for this is that male owner-managers in big cities do not aim high because they are satisfied with the current performance they have achieved, while those in small cities are still aspiring to achieve high performance. The findings also indicate that *family size* was a significant predictor for growth aspirations for men ($\chi^2 = 7.877, p < .01$). Male owner-managers with fewer people in the household were more likely to aspire higher than those with many people in the house. The model for female owner-managers shows that there were no significant control variables for female growth aspirations.

6.5.4 Testing Interaction Effects

Table 6-12 shows that some variables are significantly related to both female and male growth aspirations, whereas other variables are only related to either female or male growth aspirations. Therefore, next, we test whether the effects of these variables on growth aspirations are moderated by gender. To facilitate the tests, we created product terms between the gender and the variables that are significantly affecting either male or female growth aspirations. We created product terms between gender and the following variables: family size, marital status, location, firm size, SES, ethnicity, education, previous experience, financial capital, and access to loan. Table 6-13 presents the interaction effects results (column 3 and 4) from general to specific model.

Cohen and Cohen (1983) argue that testing interaction effects is necessary if and only if the interaction term gives a significant contribution over and above the general model (main effects). As shown in the second column of Table 6-13, the addition of the interaction terms caused the -2Log likelihood (χ^2) to decrease by 11.811 ($df=11$), from 140.166 to 128.355; however, the decrease is not statistically significant. This indicates that interaction effects are not present in all products terms added in the model⁴⁵. As can be observed from Table 6-13 shows that, there are only three interaction terms that are significantly related to growth aspirations: gender by financial capital, gender by family size and gender by childhood SES.

⁴⁵ When we re-run the model without interaction terms that are not significant, the -2Log likelihood (χ^2) has decreased by 8.597 ($df=3$), and the decrease is significant at $p < .05$, suggesting that interaction effects are indeed are present.

Table 6-13: Interaction Effects

	General Model	Interaction effects	Specific Model (Interaction)
Predictor	B (SE)	B (SE)	
Intercept	-13.333 (3.638)***	-8.041 (7.957)	-6.252 (.917)***
Family Size	-.106 (.115)	.100 (.186)	
Entrepreneur Age	.671 (.668)	.657 (.756)	
Marital Status	.126 (.534)	-.018 (1.877)	
Legal Status	-.944(1.113)	-1.392 (1.242)	
Firm Age	-.517 (.556)	-.604 (.650)	
Location	.430 (.520)	-.144 (2.276)	
Firm Size	-.046 (.580)	.212 (.930)	
Childhood_SES	1.566 (.478)***	3.535 (1.073)**	2.840 (.721)***
Role Model	2.085 (.551)***	2.787 (1.047)**	2.588 (.565)***
Ethnicity	.813 (.493)+	1.294 (1.019)	.928 (.470)*
Social Envrt	2.095 (.573)***	2.140 (1.034)*	1.886 (.497)***
Education (Sec)	1.175 (.611)*	2.246 (1.345)+	1.660 (.527)**
Educ (College)	1.798 (.661)**	1.836 (1.490)	2.134 (.590)***
Prev Occupation	-.323 (.507)	.384 (2.151)	
Mgt Experience	.181 (.882)	.068 (.988)	
Informal Network	-.210 (.698)	-.424 (.768)	
Profes Network	.555 (.900)	-.011 (.940)	
Network Benefits	.156 (.575)	.322 (.638)	
Access_to_Loan	-.124 (.510)	-.174 (.585)	
Current Financial_Capital	1.449 (.569)**	.174 (1.272)	
Gender	1.012 (.498)*	3.251 (1.746)+	1.632 (.645)*
Gender_Ethnic		-.999 (1.237)	
Gender_Ses		-2.821 (1.222)*	-2.068 (.925)*
Gender_Rolemodel		-.615 (1.311)	
Gender_Socialenvrt		.155 (1.240)	
Gender_EduSec		-.176 (1.545)	
Gender_College		.601 (1.711)	
Gender_Prevocup		-.421 (1.251)	
Gender_Firmsize		.489 (1.270)	
Gender_Financial		1.811 (1.426)	1.936 (.603)**
Gender_Famlysize		-.404 (.244)+	-.266 (.129)*
Genderlocation		-1.056 (1.280)	
Gender_Marital		.314 (1.120)	
-2logL (χ^2)	140.166	128.355	139.228
Hosmer and Leme (χ^2)	5.810 (8) (p= .669)	6.507(8) (p=.591)	11.577(7) (p=.115)

Cox and Snell (R2)	60.3%	61.8%	60.4%
Nagelkerke (R2)	80.6%	82.6%	80.8%
Pseudo R ² _L	67.1%	69.8%	67.3%
N	309	309	309

+p<.10, *p< .05, **p< .01, ***p< .001

To determine the nature of these interactions, each relationship was plotted on a y-axis of growth aspirations and an x-axis of these predictors for female and male owner–managers. Figures 6-1, 6-2, and 6-3 display these plots. It is argued that if there are no interaction effects, the two lines must be parallel (Jaccard, 2001). Nevertheless, Figure 6–1 shows that the lines are not parallel, indicating that there are signs of a moderate interaction between gender and childhood SES. Although the likelihood of having high growth aspirations increases with childhood SES for both males and females, it increases faster for males.

Figure 6-1: Interaction of Gender and Childhood SES on Aspiration

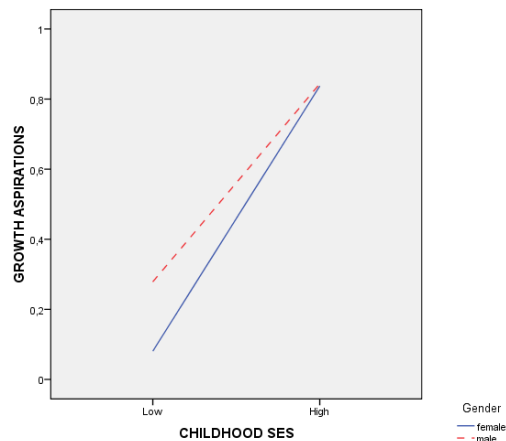


Figure 6-2 indicates that growth aspiration increases with the financial capital size, but at a greater rate for men than women. These findings support H4b, that the effect of the various forms of capitals on growth aspirations are greater for men than for women.

Figure 6-2: Interaction of Gender and Current Capital size on Aspiration

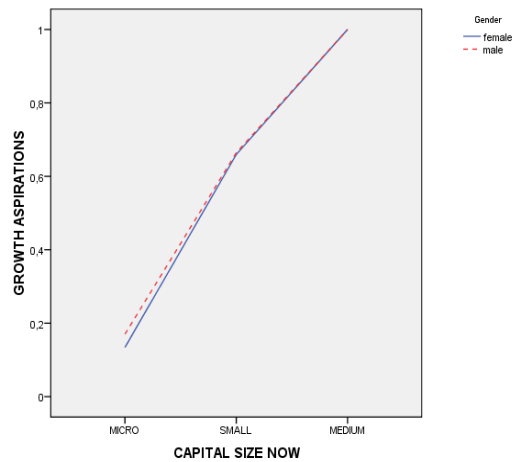
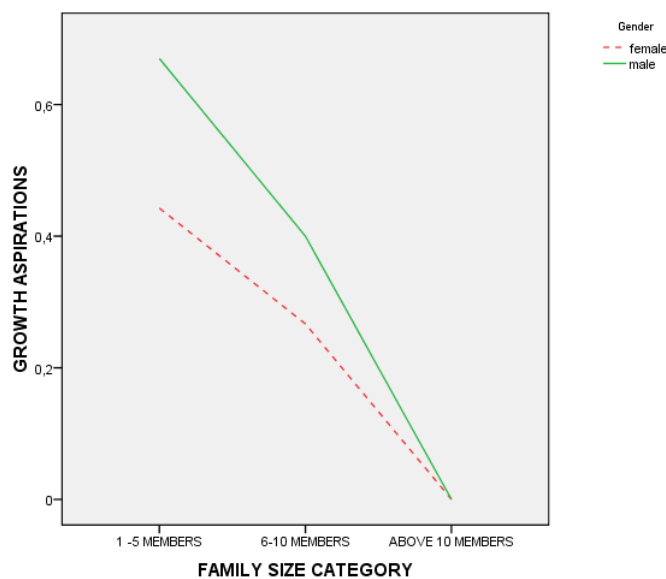


Figure 6-3 reveals that having high growth aspirations decreases with the family size, but it does so faster for women than for men. This means that as the family increases the growth aspirations decreases faster for women.

Figure 6-3: Interaction of Gender and Family size on Aspiration



The results from these figures are discussed in the next section.

6.6 Discussion

This chapter examines the influence of cultural, social, and financial capital on owner–managers’ growth aspirations. More specifically, the findings indicate to what extent owner–managers’ aspirations are influenced by social background factors and whether there are significant gender differences on the effects of the independent variable on growth aspirations. The next sections discuss the results presented here in relation to the theory and to previous studies.

6.6.1 Cultural Capital Effects

Among the three types of capital examined in the model, results have revealed that cultural capital has a significant impact on the formation of owner-manager’s aspirations. Precisely, the findings have shown that *SES, social environment, ethnic background, the presence of role models* and *education level* are significant predictors of growth aspirations. Therefore, this confirms that the knowledge and skills obtained from the family and from the social environment where an owner–manager grew up, is essential in shaping his or her aspirations. These findings are consistent with what we expected but also consistent with the theory used in this study. These findings also support Bourdieu’s (1986) argument that a person’s aspirations depend on the cultural capital previously invested by the family. In addition, Mickelson (2003:374) notes, “By internalizing one’s place in the social structure, a person comes to appreciate which adult statuses and aspirations are possible to reach and which ones are impossible”. Therefore, the current findings confirm that social background factors are important in shaping owner–managers’ aspirations.

The findings are also consistent with educational researchers’ (McClelland, 1990; Jacobs et al., 1991) findings that children from high SES are more likely to perform well in education and more likely to aspire to high paid jobs than those from low SES. The correlation matrix (table 6-10) indicates that the relationship between childhood SES and owner-manager’s education level is significantly related ($r = .419$; $p < .001$). Likewise, the relationship between childhood SES is significantly associated with the type of work owner–managers aspired when they were young ($r = .397$; $p < .001$). Those from high SES aspired to high paid jobs.

Based on the literature review, we had hypothesized that prior and management experiences are important predictors of growth aspirations. We also found significant relationship between these variables and growth aspirations in the descriptive analysis. However, the multivariate analysis did not show a statistically significant influence of these variables on growth aspirations. The reason for this might be caused by the limited number of owner-managers who had prior employment and management experience. The descriptive analysis has shown that only 32 (10.3%) owner-managers had prior management experience and 115 (37.1%) owner-managers had prior paid employment experiences. Nonetheless, the results are consistent with Manolova et al. (2007) findings that prior management experience was not associated with growth aspirations of entrepreneurs.

6.6.2 Social Capital Effects

Results for social capital have demonstrated that the three variables (being a member of a professional network, being a member of informal network and benefits received from networks) were not significant predictors of growth aspirations. The reason for this might be that most owner-managers are not aware of existing professional organizations and the services they are offering. The findings reveal that only 96 (31%) were aware of the professional organizations and only 27 (8.7%) were members of these organizations. Further analysis has shown that most of these professional organizations are based in the city of Dar es Salaam. As a result, the majority of owner-managers in other regions such as Dodoma and Mwanza (80.4% and 91% respectively) are not aware of the existence of these organizations. In Dar es Salaam and Morogoro, there were 57.8% and 30.6% owner-managers respectively who knew about the organizations. Morogoro region is closer to Dar es Salaam; therefore, this might have contributed to a higher percentage of awareness in Morogoro than in other regions.

6.6.3 Financial Capital Effects

The findings of this study have shown that the size of financial capital is significantly related to growth aspirations. These findings support previous research, for example Gundry and Welsch (2001) and Liao and Welsch (2003) who found that the size of financial capital is significantly related to growth aspirations. Conversely, we found that access to financial capital (measured in terms of being able to get loans from either Banks or MFIs) did not significantly affect growth aspirations. The descriptive findings have

shown that 155 (50%) tried to get a loan, but only 119 (38.4%) succeeded to get the loan. We asked owner–managers who did not have access to loan for the reasons why they were not successful; their responses are shown in table 6-14:

Table 6-14: Reasons for not having a loan

Reasons	Female	Male	Total
high interest rate	4 (21.1%)	4 (18.2%)	8 (19.5%)
lack of collateral	5 (26.3%)	9 (40.9%)	14 (34.1%)
cumbersome procedures	7 (36.8%)	6 (27.3%)	13 (31.7%)
inability to write a business plan	3 (15.8%)	3 (15.8%)	6 (14.6%)
Total	19	22	41

Table 6-14 shows that eight owner–managers did not get loans because of high interest rates attached to the loans, while 14 did not have collateral to secure the loans. Likewise, 13 were of the opinion that there are cumbersome procedures to follow for one to secure a loan; and therefore they gave up. Three owner–managers were not able to write a business plan, and they did not have enough resources to hire a consultant to write the business plan for them. Therefore, this finding indicates that there are still some obstacles in accessing financial capital, especially for micro-entrepreneurs.

6.6.4 Gender Differential Effects

The findings reveal that there are significant gender differences in relation to growth aspirations ($\chi^2 = 14.936$ (1); $p < .01$). This finding is in line with previous studies (Morris et al., 2006; Rosa et al., 1996) that find that women are less motivated to grow their businesses than their male counterparts. Further analysis shows that there are differences in start-up motives among women and men (see Table 6–7). Table 6–7 indicates that a majority of women (62.3%) had started their businesses because of economic necessity, while the majority of men (52.2%) had motives related to high aspirations. In light of this, the results suggest that a majority of the women did not aim high because their primary motive was to meet basic household needs. In addition, these results are consistent with qualitative findings of this study in chapter four, in which we found that women’s primary goals and definition of business success were different from those of men. Women respondents covered in the study considered their businesses a success when they are

able to meet the primary start-up motives. On the other hand, men had a different perception of business success, which was focusing on financial gain.

Similarly, by using a logistic regression analysis, we found that the effects of individual variables on growth aspirations are different across female and male owner-managers. Specifically, we have found that although the likelihood of having high growth aspirations increases with childhood SES for both males and females, it increases faster for males. This suggests that male owner-managers who grew up in a high socioeconomic context are in a better position to aspire higher than those female owner-managers who grew-up in the same socioeconomic setting. The possible explanation for this difference might be different treatments given to boys and girls in families. We asked owner-managers about their early experiences; whether girls and boys in their families were given equal rights to education. Table 6-15 below reveals that 91 (29.4%) of owner-managers experienced un-equal treatment when they were young in the families regarding education rights. Among 91 owner-managers, 52 (57%) are female owner-managers and 39 (43%) are males.

Table 6-15: Equal rights for education

Equal rights for Education?	Female	Male	Total
Yes	78 (60%)	141 (78.3%)	219 (70.6%)
No	52 (40%)	39 (21.7%)	91 (29.4%)
Total	130	180	310

Pearson's chi-square 40.528, df = 2, p = .000

Furthermore, we asked the owner-managers to what extent the different treatment they experienced affected their aspirations.

Table 6-16: Effects of different treatments on the aspirations

To what extent have the differences affected your aspirations?	Female	Male	Total
Very strong in a negative way	33 (63.5%)	8 (20.5%)	41 (45.1%)
Somewhat in a negative way	19 (36.5%)	8 (20.5%)	28 (29.7%)
Neutral	0	23 (59%)	22(25.3%)
Total	52	39	91

Pearson's chi-square 41.720, df = 2, p = .000

Table 6–16 indicates that although men observed unequal treatment in their families, this did not affect their aspirations in a negative way. Only 16 (41%) indicated that they were affected in a negative way. Conversely, women (63.5%) said that they were strongly and negatively affected by unequal treatment they experienced when they were young.

Therefore, from the above results we can see how different socialization experiences can lead to a different perception of the world, which lead accordingly to different aspirations. Bourdieu explains this in his book - *Masculine Domination* (2001) – and says that societies have unconsciously institutionalized a hegemonic principle of a sexual division of labor; through continuous socialization, women and men acquire distinctive identities (and embody them in their habitus differently), and they are likely to perceive the world differently. Bourdieu further argues that women's dispositions are the product of an internalized embodiment of the negative prejudice against them, which is institutionalized in “the order of things” (2001:32). Thus, it is concluded that because of the family situation and social influence, women develop different perceptions toward the world and eventually different aspirations to achieve compared with their male counterparts.

Regarding the effects of financial capital on growth aspirations, the findings have shown that men had a higher level of financial capital than women. This has proven to be a significant predictor of growth aspirations for men, but not for women. Moreover, while the descriptive analysis (chapter 5:7.3) has indicated that women owner-manager were more likely to access loans than men, further analysis has shown that most of them (74.2%) had accessed financial capital from Micro-Finance Institutions which offer small loans. On the other hand, most of the men (72.4%) had received their external financing from Banks. These results are in line with OECD (1998) findings, which stated that as opposed to women, men had a better access to formal financing sources of debt financing such as banks. This implies that although women have more access to loans than men, but given that their access is mainly from MFIs that are essentially providing microcredit (very small loans), it is obvious that the amount they receive is less likely to have a significant impact on their business growth aspirations.

Likewise, we found that the likelihood of having high growth aspirations increases with the size of financial capital, but it increases faster for men than women. This suggests that although some women may have high financial capital, it does not affect their growth aspirations as it does to men.

A possible explanation for this difference can be attributed to different family responsibilities between men and women in the household. In most African countries, women perform all household chores, and they are responsible to take care of children, the sick and the elderly. On the other hand, men are only responsible for the main job they have (formally employed, a businessman or a farmer) (Kevane, 2004). In the study, 93 owner-managers indicated that balancing between business work and family activities is a challenge. Among these, 58 (62.4%) are female owner-managers and 35 (37.6%) are male. This finding confirms what we found in chapter four that one of the reasons given why women were not performing well in their businesses, is the full duty to take care of a sick child. In these circumstances, women will not be able to work, as they have to stay at home or in a hospital until the child recovers. Therefore, it can be concluded that multiple tasks women have, affect their future aspirations.

Another finding that was not predicted in this study is that the likelihood of having high growth aspirations decreases with the family size, but it does so faster for women than for men. This means that as the family increases the growth aspirations decreases faster for women. As argued previously, in African countries, women are solely responsible to perform household chores; in that regard, as family size increases, the woman's workload increases. Therefore, this leads to a challenge of balancing business work and family issues; and eventually it affects her growth aspirations. Morris et al. (2006) suggest that because of conflicting responsibilities between household chores and business responsibilities, women owner-managers are therefore reluctant to expand their businesses, and non-growth becomes their deliberate and legitimate choice. Similarly, in studying the relationship between attitudes toward growth, gender, and business size, Cliff (1998) finds that women are likely to aspire for growth, provided that business growth does not interfere with their household responsibilities.

6.7 Chapter Summary and Conclusion

The focus of this chapter is on the influence of cultural, social, and financial capital on owner-managers' growth aspirations and whether there are significant gender differences on the effects of the independent variables on growth aspirations. Using a sample of 309 owner-managers, the logistic regression analysis results show that cultural capital has a more significant effect on growth aspirations than the other types of capital. Table 6-17 summarises the results.

Table 6-17: Summary of Logistic Results

S/No.	Hypothesis	Results
H1a	Owner-managers who come from high socio-economic status will have high growth aspirations	Supported
H1b	The social environment in which an owner-manager grew up has an impact on his or her future aspirations	Supported
H1c	Owner-managers with parents or close relatives who owned a small business have high growth aspirations	Supported
H1d	Entrepreneurs from the Chagga tribe have high growth aspirations	Supported
H1e	Owner-managers with a high education level have high growth aspirations	Supported
H1f	Owner-managers with previous work experiences have high growth aspirations	Not Supported
H1g	Owner-managers with management experience have higher growth aspirations than those who have no prior previous management experience.	Not Supported
H2a	The more an owner-manager is involved in networking (informal and professional) the higher is his or her the growth aspirations	Not Supported
H2b	Benefits received through networking is positively related to growth aspirations	Not Supported
H3a	The size of current financial capital has a positive relationship with owner's growth aspirations.	Supported
H3b	The level of access to loans has a positive relationship with owner's growth aspirations.	Not Supported
H4	The effects of independent variables (cultural, social, and financial capital) on growth aspirations are different for male and female owner-managers.	Supported

It has been found that owner–managers' growth aspirations are influenced by childhood SES, social environment, role models, ethnic background, and education level. However, social capital variables did not exert a significant effect on the owner–managers' growth aspirations, possibly because the majority of the owner–managers were not aware of the existing professional organizations and the services provided. Moreover, access to loan was not significantly related to growth aspirations. However, the current size of financial capital owned was a significant predictor of increasing growth aspirations.

Analysis of gender differences reveals that there are differences in relation to growth aspirations. Specifically, the women covered in this study did not aim high for their businesses compared with their male counterparts. Likewise, the results show that the effects of independent variables on

growth aspirations are different across female and male owner–managers, attributable to different socialization experiences.

Interpreted from the viewpoint of Bourdieu’s theoretical framework, the findings suggest that the way people perceive the world and the way they develop their aspirations are based on the knowledge and skills imparted to them when they were young, at either the family or society level. Bourdieu (1986:145) explains that people’s long-lasting dispositions (embodied cultural capital) can be acquired depending on the period, the society, and the social class. However, he also emphasizes that “it always remains marked by its earliest conditions of acquisitions”. In line with Bourdieu, McClelland (1990:103) explains that, “individuals from disadvantaged backgrounds who fail to develop or maintain high aspirations do not simply need a single individual to point out the appropriate path to them; they need to be surrounded by enough examples of success to believe that it is actually possible for them to attain it”. In that regard, it is evident how influential the social environment and role models are in shaping people’s aspirations.

Chapter 7: Capitals and Small Business Growth: The Role of Habitus as a Mediator

7.1 Introduction

The previous chapter examined the relationship between capital and growth aspirations. This chapter focuses on the role of habitus in explaining small business growth. It has been found that gender differences in business growth have been attributed to different factors (e.g., capital owned by owner–managers, firm specific factors, demographic factors). The most common finding is that women’s businesses are smaller in size than male-owned businesses (Rosa and Hamilton, 1994; Rosa et al., 1996). Although female SMEs are generally smaller and showing lower growth rates, it is not clear whether this is the result of different aspirations (Kolvereid, 1992; Cliff, 1998) or differences in access to capitals. In this this chapter we would like to analyse these relationships.

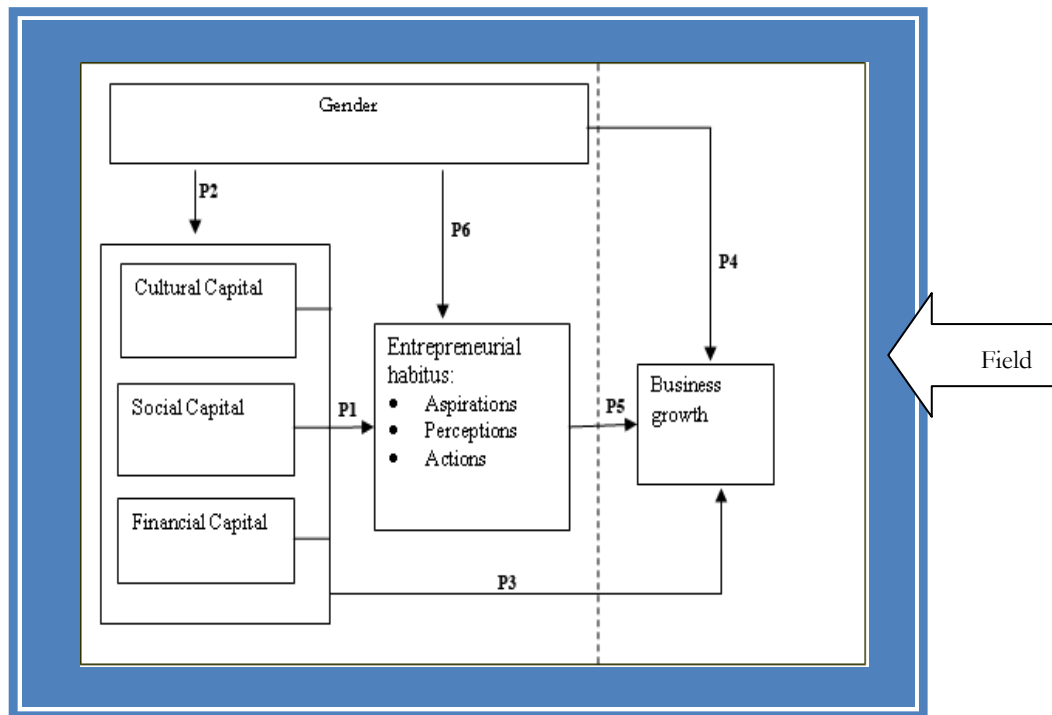
To contribute to this debate, this study uses Bourdieu’s concept of habitus to explain gender differences found in business growth (for the theoretical discussion, see Chapter 2). The literature review revealed no research that has examined how habitus can contribute in explaining the gender differences in business growth. Previous studies indicate that business growth is influenced by different types of capital that owner–managers possess within a business field. However, in this study we assume that this capital is mediated through owner–managers’ habitus. It is argued that the purpose of mediation analysis is to examine why an association between a predictor and outcome exists (Frazier et al., 2004). In that regard, we will use habitus to explain the relationship between gender and business growth, and between capitals and business growth.

In the figure below (figure 7-1), we present the conceptual framework for this study. Chapter six examined the relationship between types of capital and growth aspirations (Path 1)⁴⁶ and whether there are gender differences

⁴⁶ Path 1 in figure 7.1 indicates the relationship between capitals and habitus (aspirations, perceptions, and actions). However, in chapter six we examined only the relationship between capitals and aspirations. We chose to focus only on the aspirations because we wanted to contribute on the existing literature about aspirations, capitals and gender differences.

in relation to the effects of capitals on growth aspirations (Path 2)⁴⁷. This chapter focuses on the role of habitus in explaining small business growth. We begin by examining the relationship between types of capital, gender and business growth (Path 3 and 4); then, we test whether these relationships are mediated by habitus (Path 5 and 6).

Figure 7-1: Conceptual Framework



7.2 Variables and Hypotheses

7.2.1 Business Growth

The dependent variable in this chapter is business growth. On the basis of the literature review, we proposed to use the following measures for business growth. The first business growth measure is invested capital growth rates. To measure business growth by capital information, we have to calculate the WACGR for 2004–2008). The use of weighted averages helps to smooth out yearly fluctuations in the data. Respondents were asked to give the current capital invested (2008) and the corresponding figures five

⁴⁷ Path 2 is also been examined in chapter five (descriptive analysis).

years ago (2004). To reduce the positive skewness of distribution, the logarithms of capital were used to make the growth indicator more normally distributed. The formula for the WACGR is as follows:

$$\left\{ \left(\frac{\ln(\text{Capital}_{2008})}{\ln(\text{Capital}_{2004})} \right)^{1/n} \right\} - 1,$$

The second measurement proposed is employment growth rate over five years. In this study, business growth in terms of number of employees was measured as the change in number of employees at the start-up and the number of employees at the time of study. The findings from descriptive analysis show that the majority of the enterprises did not experience any significant increase in number of employees. At the business start-up stage, there were 284 (91.9%) respondents with 0–2 employees; at the time of the study, there were 246 (79.9%) respondents with 0–2 employees. This means that only 38 businesses managed to grow and hire more employees (more than two employees).

Given the very small number of businesses that grew in terms of the number of employees, the variable was highly skewed and plagued with numerous outliers. Therefore, we decided not to use this variable as the measure for business growth. However, we do test whether there is a significant difference between businesses with employees and those without employees in relation to business growth.

The third performance measure for business growth involves a subjective performance measure. It has been argued that subjective performance measures are important because some owner–managers may be reluctant to disclose actual performance or when they want to avoid high taxes, owner–managers may not be willing to disclose the actual amount of profits they make from their businesses (Wolff and Pett, 2006). Similarly, some of the owner–managers (especially female owner–managers) may not be driven by financial goals for their businesses (Brush, 1992).

Therefore, the use of subjective performance measure indicate whether the objective performance measure applied is correlated with the subjective one. Likewise, it will indicate whether there are gender differences in relation to business performance. Therefore, owner–managers were asked to indicate the extent to which they are satisfied with their business performance. The measure was scaled from 1 (“very unsatisfied”) to 5 (“very satisfied”).

7.2.2 Independent Variables

The independent variables to be included in the model are cultural capital, social capital, and financial capital. The theoretical background for these constructs has been discussed in detail in Chapter 2. In this section, we present hypotheses about the relationship between the independent variables and business growth. The measurements of these variables are the same as in chapter six (see Table 6-1).

7.2.2.1 Cultural Capital

Theory and previous studies indicate that cultural capital variables have been studied mostly by educational researchers (De Graaf et al., 2000; DiMaggio, 1982; Dumais, 2002). In relation to entrepreneurship, only one study by Basu and Goswami (1999) included cultural factors in explaining business growth. In contrast, this study includes childhood SES and social environment in explaining business growth. It is argued that childhood socialization and social environment are important variables in explaining small business growth. Therefore, using the literature, we extracted the following cultural variables: *childhood SES, social environment, role model, ethnicity, education, and experience*. Thus, we propose the following hypotheses:

H_{1a}: Owner-managers who come from high socio-economic status are more likely to achieve high business growth than those from low socio-economic status.

H_{1b}: Owner-managers who grew up in cities/towns are more likely to achieve high business growth than those who grew-up in villages.

H_{1c}: Owner-managers with parents/close relatives who owned a small business are more likely to achieve high business growth than those who did not have any role model

H_{1d}: Owner-managers from an ethnic group who are over-represented in business ownership achieve higher business growth than the other ethnic groups.

H_{1e}: Owner-managers with high education level are more likely to achieve high business growth than those with low education levels.

H_{1f}: Owner-managers with previous work experiences achieve higher business growth than those who were not employed previously.

H_{1g}: Owner-managers with management experience are more likely to achieve high business growth than those who did not have any previous management experience.

7.2.2.2 Social Capital

Empirical work on social capital has established that there is a positive relationship between utilizing appropriate networks and the rates of business formation, survival, and growth (Aldrich et al, 1989). Lerner, Brush, and Hisrich, (1995) assert that network affiliation among other factors has greater impact on business performance than do social learning or environmental factors. Similarly, Zhao and Aram (1995) argue that networking is not only important at business start –up, but also through the growth stages.

The previous chapter indicates that social capital variables significantly influenced owner–managers’ aspirations. In contrast, in this chapter, we examine whether social capital has a significant impact on business growth and whether the relationship is mediated through habitus. We proposed the following hypotheses regarding the relationship between social capital and business growth.

H_{2a}: The more owner-managers are involved in networking activities the higher is business growth

H_{2b}: The benefits received through networking are positively related to business growth

7.2.2.3 Financial Capital

One of the key resources needed for a small business to grow is financial capital. Previous studies have shown that the level of capitalization has an important impact on business survival and growth. Sufficient amount of capital available may enable the firm to undertake things such as training and more comprehensive planning, influencing business growth (Cooper et al., 1994:391). Carter and Williams (2003:43) found that access to sufficient sources of financing had a more significant impact on business growth than types of strategies adopted by firms.

This study has sought to discover the size and sources of the start-up capital, the size of the current capital and whether owner–managers have been able to receive credit from banks and MFIs. We examine not only to what extent financial capital influences business growth, but also to what extent the relationship between financial capital and business growth is mediated by habitus. The following hypotheses are proposed:

H_{3a}: The size of start-up financial capital has a positive relationship with business growth.

H_{3b}: Access to loans has a positive relationship with business growth.

7.2.3 Habitus as a Mediator

According to Bourdieu (1992), individual practices are the results of one's habitus and availability of capital within a given field. In this study, it is assumed that small business growth (practices) depends on owner-manager's habitus, and through access to resources (capital) within a given institutional setting⁴⁸. Both men and women may have the same capital in the form of cultural capital, family or social networks, and finance needed for their business performance. However, the translation of the capital into practice may not be the same among male and female owner-managers. The translation will depend on the person's habitus, which is formed through socialization processes and through discursive practices, which become embodied and embedded in practices. In other words, through their habitus, they can exploit the capital they have well and be able to achieve their aspirations. However, habitus is a mediating construct in the framework. Therefore, it is assumed that business growth is being influenced by different types of capitals that owner-managers possess within a business field; however, these types of capital are mediated through owner-managers' habitus. Therefore, in relation to mediation effects, we propose the following hypotheses:

H_{4a}: Entrepreneurial habitus is significantly related to business growth

H_{4b}: Capital is significantly related to entrepreneurial habitus

H_{4c}: Entrepreneurial habitus mediates the relationship between capital and business growth.

The habitus construct cannot be measured directly. The literature review and qualitative results indicate that habitus is revealed through a person's aspirations, perceptions, and actions. Because the focus of this research is on small business growth, the habitus that fits the business field can be referred to as *entrepreneurial habitus*. Entrepreneurial habitus can be defined as

⁴⁸ Institutional setting is a business field which consists of the set of fundamental political, social and legal rules that establishes the basis for production, exchange and distribution (North, 1990)

the habitus that enables owner–managers to translate capital into actions that are relevant for their businesses. It is presupposed that owner–managers’ high aspirations and entrepreneurial perceptions and actions reflect an entrepreneurial habitus, which is embodied, and they are more likely to achieve high business growth. The three constructs for habitus are latent variables (those that are measured by other variables) (see Table 3.1).

7.2.4 Gender Differences in Business Growth

The conceptual framework, assumes that gender has an indirect effect on business growth through its influence on access to resources and on the entrepreneurial habitus. Men and women may have different socialization experiences, which shape their motives, effort, performance beliefs, and strategic choices (Jacobs et al., 1991). Women’s motives for launching and managing new businesses may differ from men’s (Manolova et al., 2007). Instead of an economic entity designed to achieve high profits, women may perceive their businesses as “cooperative networks of relationships” in which business relationships are integrated rather than separated from family, societal, and personal factors (Brush, 1992). This leads to different approaches on how to manage businesses, and eventually different business performance (Cliff, 1998). Therefore, we are proposing the following hypotheses in relation to gender differences:

H_{5a}: Male entrepreneurs are expected to achieve greater business growth than female entrepreneurs

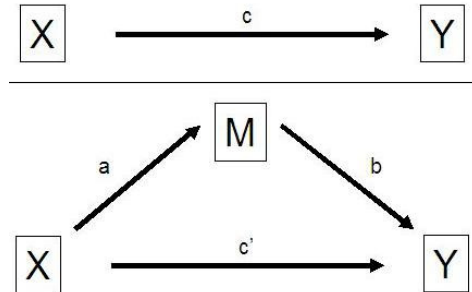
H_{5b}: The effect of gender on business growth is mediated by habitus

7.3 Statistical Analysis

According to Baron and Kenny (1986), mediation effects can be tested when the following conditions hold:

- The independent variable (X) must significantly affect the dependent variable (Y);
- The independent variable (X) must also be shown to significantly affect the mediator (M);
- The mediator (M) must have a significant effect on the dependent variable (Y) in the third equation when controlling for the independent variable (X).

Figure 7-2: Mediation Model



Source: Baron and Kenny (1986)

With complete mediation, the relationship between independent variable (X) and dependent variable (Y) will not differ from zero after the mediator (M) is included in the model. However, if there is a partial mediation, the relation between independent and dependent variable will be significantly smaller when the mediator is added in the model, but still greater than zero.

To determine whether a mediator (M) mediates the relationship between a predictor (X) and dependent variable (Y), the following three mediation equations need to be estimated (MacKinnon et al., 2002):

- $Y' = cX + E1$ (1)
- $M' = aX + E2$ (2)
- $Y'' = bM + c'X + E3$ (3)

We used the partial least square (PLS) method with SmartPLS version 2.0 (M3) software (Ringle, Wende, and Will, 2006) to estimate Equations 1, 2, and 3. Wold (1982) developed PLS as a second-generation structural equation modeling (SEM) technique. It is a general method for estimating path models involving latent constructs indirectly measured by multiple indicators. We applied the PLS method because of its advantages over other SEM techniques that make it well suited to the data. Whereas other SEM techniques (e.g., LISREL) require a large number of sample size⁴⁹ compared with the number of parameters in the model to be estimated, PLS is ideally suited for use of small sample sizes (Chin, 1998), because of its

⁴⁹ It requires at least 300 cases if the model contains constructs with fewer than three items and communalities are lower (0.45 to 0.55) (Hair et al., 2006)

partial nature of the estimation procedure, with only one part of the model being estimated at each time. The second advantage of PLS is that constructs can be measured by a single item; in contrast, covariance-based modeling requires at least four questions per construct (Bontis and Booker, 2007). Moreover, PLS does not require any normality assumptions and handles non-normal distributions relatively well.

The model in this study comprises latent variables (aspirations, perceptions, and actions) with 13 observed indicators for the latents. In addition, there are 12 constructs, which are measured by a single item each. Most of the variables are not normally distributed, which means that estimating a covariance-based model would have not been possible by using the current data we have.

Another added advantage of PLS is that it can be used to study mediation effects, which is the goal of this chapter. PLS employs a bootstrapping procedure to test the significance of the indirect effects from predictors to dependent variable through mediators. It has been reported that the bootstrapping approach is a better method to test indirect effects than the Sobel test and it works well with non-normal data (MacKinnon et al., 2004).

7.4 Results

The main objective of this chapter is to test whether the relationship between capitals possessed by owner-managers and business growth is mediated by their habitus (as revealed through aspirations, perceptions and actions. This section presents the structural model results analyzed by partial least squares.

7.4.1 Model Evaluation

To evaluate the model, it is prudent to examine measurement model results, in which the focus is on the reliability and validity of the measure used to represent each construct (Chin, 1998). It is argued that for acceptable reliability of an indicator, correlations between the latent variable scores and the indicator variable score (factor loadings) should be statistically significant and higher than .70 (Hulland, 1999). In addition, PLS provides another measure for internal consistency of the latent variable: composite reliabilities (CRs). The CR is preferred over Cronbach's alpha as a measure of reliability, because it provides a better estimate of variance shared by a set of

indicators. This is because CR does not assume equal weightings of items (Fornell and Larcker, 1981). It is suggested that the acceptable cut-off point for CR should be at least .70.

With regard to factor loadings for items in the latent variables (aspirations, perceptions, and actions), the findings reveal that all loadings are above .70 for all indicators (see Table 3–2 in Chapter 3). Similarly, the values for Cronbach's alpha in each construct are above .70, which is an acceptable scale. In addition, PLS provides a CR for each latent variable. Table 3–2 shows that all CRs are greater than .8, indicating that there is an internal consistency among the indicators used to measure latent variables.

Regarding the validity of scales, PLS provides estimates that can be used to measure convergent and discriminant validity. The validity of scales is assessed by examining the average variance extracted (AVE) for the scales (Fornell and Larcker, 1981). The AVE is the average amount of variance in a set of indicators explained by their latent variable. Concerning convergent validity, the AVE should be greater than .50 (Chin, 1998). In relation to discriminant validity, the average variance shared between a latent variable and its indicators should be greater than the squared bivariate correlations between it and the other latent variables in the model (Fornell and Larcker, 1981).

Table 3-2 shows that AVEs for all latent variables are greater than .5, indicating an acceptable convergent validity of the indicators. This means that a latent variable does explain on average at least 50% of the variance in its indicators. In addition, regarding discriminant validity, AVEs for each latent are greater than the squared bivariate correlations with all the other variables, showing acceptable discriminant validity of the scales (see Table 3-3 in Chapter 3).

7.4.2 Structural Model

The initial model estimated included all capital variables, habitus variables and control variables. Table 7-1 presents the results for this structural model.

To test the model fit, PLS provides an R-square for each latent variable. The R-square represents the amount of variance in the construct in particular that is explained by the model (Chin, 1998). The R-squares for the dependent variable (business growth) and mediators (perceptions, aspirations, and actions) are 75.5%, 35.2%, 51.1% and 26.8%, respectively. These figures indicate that the two dependent variables (business growth and aspiration) had R^2 figures of sufficient magnitude to consider that a large proportion of the variance is predicted by the independent variables included in the model. However, for the case of latent variables actions and perceptions, most of the variance is explained by other variables that are not be included in the model.

Figure 7-3 presents the structural path coefficients that indicate the percentage of variance each predictor contributes to the R^2 of the latent variable or dependent variable (Chin, 1998). In PLS, path coefficients are equivalent to standardized coefficients in multiple regression analysis (Falk and Tonkin, 2001). Therefore, these path coefficients can be used to determine the effect of each predictor on the dependent variable. The significance tests of the coefficients can be examined by a t-statistic calculated by using the bootstrapping procedure in *SmartPLS*.

Table 7–1 consists of path coefficients indicating the total effects (path c; see Figure 7–2) and the direct effects (path c') of predictors on the dependent variables. The total effects are the coefficients showing the relationship between predictors and the dependent variable without passing through mediator variables. When observing the coefficients, we found that business growth is significantly related to most of the predictors. Among the cultural capital variables, the results reveal that childhood SES ($\beta = .178$, $t = 4.002$, $p < .001$), social environment ($\beta = .087$, $t = 1.96$, $p < .05$), role model ($\beta = .207$, $t = 4.374$, $p < .001$), ethnicity ($\beta = .129$, $t = 3.492$, $p < .001$), education level ($\beta = .112$, $t = 2.026$, $p < .05$), and previous employment ($\beta = .097$, $t = 2.959$, $p < .01$), are significant predictors of small business growth. These findings provide support for H_{1a-f} . The findings reveal that owner–managers

who grew up in high SES families, those who grew up in cities/towns, and those from the Chagga group were more likely to achieve high business growth. Correspondingly, owner–managers with a high education level and those who were previously employed are more likely to perform well and achieve high business growth. However, contrary to expectations, the findings show that management experience is not a significant factor in business growth.

Table 7-1: Total Effects and Direct Effects

	Total Effects (path c)				Direct effects (path c')			
	Growth	Actions	Aspirations	Perceptions	Growth	Actions	Aspirations	Perceptions
Actions	.108**				.108**			
Aspirations	.105**				.105**			
Perceptions	.235***				.235***			
Education	.112*	.1978**	.1742**	.0181	.0681	.1957**	.1742**	.0181
Experience	.0973**	.0013	-.0149	.0782	.0805**	-.0007	-.0149	.0782
Ethnicity	.130***	.0311	.0673	.062	.1047***	.0313	.0673	.062
Role_model	.2067***	.1206*	.2069***	.1044*	.1474***	.1204	.2069***	.1044
Childhood SES	.1776***	.0115	.2282***	.3708***	.0651	.0115	.2282***	.3708***
Social_Envrt	.0866*	.0591	.1791**	.0503	.0495	.0595	.1791**	.0503
Access_to_Loan	.0995**	.0778	.066	.0243	.0785*	.0778	.066	.0243
Start-up_Capital	.286**	.2423***	.1164**	.1503**	.2125*	.2427***	.1164**	.1503**
Gender	.140***	.0008	.1092*	.081	.1089***	.0004	.1092*	.081
Mgt-Experience	-.0478	-.0081	.0221	-.0184	-.0458	-.0081	.0221	-.0184
Profe-Network	.0181	.0197	-.017	-.0317	.0253	.0193	-.017	-.0317
Network Benefits	.0063	.0768	-.0161	.0584	-.0139	.0758	-.0161	.0584
Family size	-.0705*				-.0705*			
Initial Firm size	.0645*				.0645*			
Business Location	.0858**				.0858**			
Firm age	.101**				.101**			
Legal status	.0939**				.0939**			
R-squares	75.5%	26.8%	51.1%	35.2%				

*p< .05, **p< .01, ***p< .001

Regarding the effect of social capital, the results do not support the proposed hypotheses. The results show that being a member of a professional organization or informal association is not a significant

predictor of business growth. Likewise, the variable benefits received through networking is not significantly related to business growth.

Concerning the influence of financial capital on business growth, the findings reveal that the start-up financial capital size has a significant influence on business growth ($\beta = .286$, $t = 3.034$, $p < .01$). Likewise, access to loan is a significant predictor for business growth ($\beta = .100$, $t = 2.784$, $p < .01$).

In relation to the effect of gender on business growth, the results show that there is a significant impact of gender on business growth ($\beta = .140$, $t = 4.002$, $p < .001$). This suggests that male owner-managers perform better than female owner-managers.

The results for control variables reveal that family size ($\beta = -.071$, $t = 2.359$, $p < .05$), legal status ($\beta = .094$, $t = 2.927$, $p < .01$), and business location ($\beta = .086$, $t = 2.746$, $p < .01$) are significant predictors of business growth. Similarly, the initial firm size ($\beta = .0645$, $t = 2.172$, $p < .05$) and firm age ($\beta = .101$, $t = 2.793$, $p < .01$) are significantly related to business growth. These results are in line with expectations and with previous studies (e.g., Almus and Nerlinger, 2000; Becchetti and Trovato, 2002; Davidsson, et al., 2002; Heshmati, 2001; Rodríguez, et al., 2003), which find that these firm characteristics have a significant impact on the business growth.

7.4.3 Mediation Effects

The first step in testing mediation effects is to show that there is significant relationship between the independent variable and the dependent variable; and a mediator is significantly related with both dependent variable and independent variables. The total effects in Table 7-1 indicate that the dependent variable (business growth) is significantly related to most of the independent variables, except management experience, professional network and benefits received through networking. Regarding the relationship between mediator (perceptions, aspirations, and actions) and dependent variable, we observe that all three mediators are significantly related to the business growth. For the case of relationship between independent variables and mediator variables, it has been found that aspiration is significantly related to education, role model, childhood SES, social environment, start-up capital, and gender. Similarly, the mediator 'actions' is significantly associated with education, role model, and start-up capital. In relation to

perception, the mediator is significantly related to role model, childhood SES, and start-up capital. These significant relationships are prerequisites for further tests to establish a mediated relationship between predictors and dependent variable -business growth.

Therefore, to test the mediation effects we re-estimated the PLS model with only predictors that are significantly related to the dependent variable. We used the bootstrapping procedure suggested by Shrout and Bolger (2002) to test mediation effects by examining the significance of the indirect paths that emerged from the independent to the dependent variable. According to Shrout and Bolger (2002), if zero is not between the lower and upper bound, the indirect effect is not zero within a given confidence interval.

The re-estimated structural model is presented in Table 7–2, showing the direct and indirect effects of predictors on the dependent variable. After re-estimating the model, the R-squares for the dependent variable (business growth) and mediators (perceptions, aspirations, and actions) are 72.6%, 34.8%, 50.3% and 26.2% respectively.

Table 7-2: Mediation tests in the structural model

Predictor	Total effect (path c)	Direct effect (path c')	Indirect effects via Perceptions	95% CI (for perceptions)	Indirect effects via Aspiration	95% CI (for Aspiration)	Indirect effects via Actions	95% CI (for Actions)
Ethnicity	.1268***	.0997**	.0144	(-.0077, .0389)	.0074	(-.0024, .0218)	.0055	(-.0121, .0255)
Rolemodel	.2134***	.1465**	.0241	(-.0025, .055)	.0228*	(.0048, .0469)	.0208	(-.0025, .0522)
SES	.1933***	.0851*	.0809*	(.0455, .1168)	.0251*	(.005, .051)	.0021	(-.0189, .0225)
Social_Envrt	.1224**	.0811*	.0119	(-.0165, .0436)	.0197*	(.0031, .042)	.0099	(-.0122, .0359)
Education	.138*	.0838*	.0029	(-.0232, .0285)	.0198*	(.0031, .0415)	.0326*	(.0097, .0415)
Experience	.095**	.0778*	.0174	(-.0014, .0383)	-.0012	(-.0109, .0093)	.0008	(-.0155, .0211)
Start_up_Capital	.2792***	.2002*	.0338*	(.0124, .0636)	.0127*	(.0020, .0287)	.0401*	(.0102, .0947)
Access to Loan	.1029**	.0832*	.0076	(-.0127, .0309)	.0069	(-.0017, .0206)	.0161*	(.0003, .0453)

*p< .05, **p< .01, ***p< .001

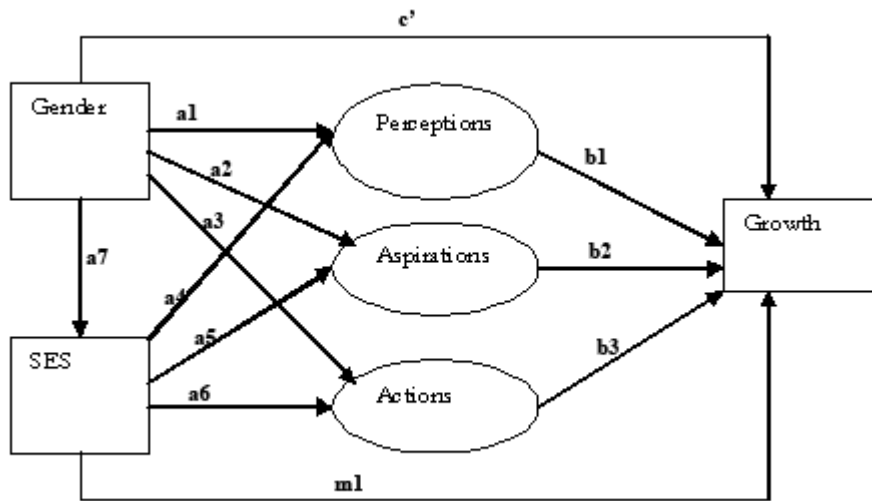
The results in Table 7–2 show that all structural paths for the total effects of predictors on the dependent variable are significant at least at 5%. However, after the mediators were included in the analysis, the results show that the direct effects of the predictors were significantly reduced, indicating that mediation effect is significant. The results show that there is a partial

mediation between education and business growth. The results indicate that the indirect effects through aspiration ($\beta = .0198, p < .05$ and actions ($\beta = .0327, p < .05$) were significantly different from zero. The estimates are within the calculated percentile-based bootstrap confidence interval (95%), and the interval does not include zero. However, the indirect effect through perception was not significant, as the confidence interval does include zero. Therefore, we conclude that education has an impact on business growth; however, the effect of education on business growth exists, due to an indirect effect of owner-managers' growth aspirations and his or her entrepreneurial actions.

Similarly, we observe partial mediation when the mediators are added in the model. The effect of start-up capital on business growth was partially mediated by owner-managers' perceptions, aspirations, and actions ($\beta = .0338, p < .05$; $\beta = .0127, p < .05$; $\beta = .0401, p < .05$ respectively). Correspondingly, the relationship between role model and business growth is partially explained by aspiration ($\beta = .0228, p < .05$). However, the indirect effect through perceptions and actions was not significant. Correspondingly, childhood SES has an impact on business growth, however, the effect only exists partially because of owner-managers' aspiration ($\beta = .0291, p < .05$) and perceptions. The indirect influence through owner-managers' actions was not significant. Regarding the effect of social environment (where the owner-manager grew up) on business growth, the results show that the social environment ($\beta = .0238, p < .05$) was partially mediated by owner-managers' aspirations.

Because there were gender differences in relation to childhood SES (see Table 5–14 in chapter five), we must examine the effect of gender through SES and through mediators (perceptions, aspirations and actions) on business growth. In Figure 7–3, we labelled paths where the effect of gender on business growth can go through. In that regard, the total effect of gender on business growth is equal to the direct effect of gender on growth, plus the sum of indirect effects through perceptions, aspirations, and actions and through SES. That is, the total effect $c = \text{direct effect } (c') + \text{indirect effect through perception } (a_1b_1) + \text{indirect effect through aspirations } (a_2b_2) + \text{indirect effect through actions } (a_3b_3) + \text{indirect effect through SES } (a_4m) + \text{indirect effect through SES via perceptions } (a_7a_4b_1) + \text{indirect effect through SES via aspirations } (a_7a_5b_2) + \text{indirect effect through SES via actions } (a_7a_6b_3)$.

Figure 7-3: Direct and indirect effects of Gender



We use the bootstrapping procedure to calculate the indirect effects and percentile-based bootstrap confidence intervals to assess whether these indirect effects are significantly different from zero. The results (see Table 7-3) show that the effect of gender on business growth through *aspirations* (.0124, CI=.0019, .0288), through *childhood SES* (.0108, CI=.0006, .0294), and through *childhood SES via aspirations* (.0032, CI=.0002, .0088) are significantly different from zero.

Table 7-3: Direct and Indirect effects of Gender

Effect of Gender on Business growth	Estimate	95% CI Bootstrap percentile
Total Effect	.1647***	
Direct effect	.1297***	(.051, .176)
Indirect via Perceptions	.0166	(-.0072, .041)
Indirect via Aspiration	.0124*	(.0019, .0288)
Indirect via Actions	-.0012	(-.0236, .0147)
Indirect via SES	.0108*	(.0006, .0294)
Indirect via SES via Aspirations	.0032*	(.0002, .0088)
Indirect via SES via Actions	.0003	(-.0026, .0035)
Indirect via SES via Perceptions	.0103	(-.0006, .0293)

However the effect on gender through *perceptions* (-.0166, CI = -.0072, .041), through *actions* (-.0012, CI= -.0236, .0147), and through *childhood SES via perceptions* (.0103, (-.0006, .0293) and through *SES via actions* (.0003, CI=: -.0026 .0035) are not significantly different from zero, as the estimates do include zero within the lower and upper bound.

Therefore, from these results, one can conclude that owner–managers' capital has an impact on business growth; however, the effect of capital exists due to an indirect influence of owner–managers' aspiration, actions and perceptions, which, in turn, leads to high business growth.

Table 7-4: Correlation Matrix

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1 Bus.Growth	1																						
2 Perfor_Satisfaction	-.146**	1																					
3 Aspirations	.610**	-.223**	1																				
4 Perceptions	.336**	-.112*	.274**	1																			
5 Actions	.215	-.118*	.288**	.242**	1																		
6 Education	.452**	-.244**	.593**	.278**	.348**	1																	
7 Prev_Experience	.263**	-.032	.162**	.184**	.132**	.225**	1																
8 Ethnicity	.357**	-.107	.330**	.109	.003	.224**	.048	1															
9 Role Model	.595**	-.194**	.548**	.221**	.276**	.362**	.182**	.274**	1														
10 Childhood SES	.546**	-.236**	.563**	.330**	.211**	.415**	.161**	.218**	.417**	1													
11 Social Envirt	.569**	-.186**	.636**	.218**	.246**	.437**	.222**	.223**	.475**	.465**	1												
12 Access_to_loan	.246**	-.044	.224**	.038	.211**	.172**	.034	.088	.235**	.170**	.237**	1											
13 Start-Up Capital	.322**	-.048	.339**	.137*	.301**	.359**	.094	.058	.221**	.280**	.304**	.115*	1										
14 Gender	.324**	-.360**	.219**	.063	.031	.075	.003	.041	.030	.220*	.020	-.05	-.013	1									
15 Mgt_Experience	.159**	-.148**	.225**	.07	.139*	.315**	.310**	.058	.171**	.151**	.157**	.144*	.076	.052	1								
16 Prof Network	.159**	-.054	.182**	.027	.117*	.160**	.047	.058	.128*	.194**	.135*	.144*	.124*	-.012	.129*	1							
17 Informal Network	.107	-.022	.066	.097	.241**	.193**	.102	-.029	.038	.046	-.003	.211**	.156**	-.115*	.109	.085	1						
18 Network_ Benefits	.143*	-.015	.149**	.123*	.211**	.134*	.108	.083	.176**	.099	.134*	.293**	.096	-.174*	.201**	.244**	.462**	1					
19 Family Size	-.298**	.193**	-.315**	-.002	-.06	-.183**	.054	-.267**	-.234**	-.229**	-.299**	.001	-.146*	-.178**	-.09	-.132*	.182**	.072	1				
20 Firm Age	.114*	-.130*	.055	-.057	.106	-.006	.048	-.023	.064	.105	.083	.106	-.212**	.056	.11	.033	.011	.208**	.028	1			
21 Legal Status	.240**	-.051	.164**	.119*	.335**	.216**	.136*	.121*	.098	.114*	.156**	.06	.201**	.047	.129*	-.03	.203**	.114*	.023	.041	1		
22 Firm Size	.182**	-.063	.231**	.151**	.267**	.220**	.118*	-.011	.130*	.159**	.195**	.149**	.105	.077	.336**	.07	.057	.145*	-.02	.199**	.07	1	
23 Bus_Location	.189**	-.199**	.147**	.080	.199**	.218**	.085	-.093	.149**	.054	.130*	.081	.258**	.065	.137*	.026	.307**	.150**	.087	-.095	.111		1

7.5 Discussion

This chapter examines the influence of capital on business growth. Specifically, we study how habitus mediates the relationship between capital, gender, and business growth. This section discusses the results in relation to theory and to previous findings.

7.5.1 Main Effects

Concerning the effects of individual predictors on business growth, the findings show that indeed the capitals owned by owner–managers have an impact on business growth, especially cultural capital. Business growth is significantly associated with childhood SES, social environment, role model, ethnicity, education, and previous employment. These findings are consistent with what we expected and with the theory. However, contrary to expectations, management experience was not significantly related to business growth after controlling for other factors. The possible explanation for this might be the limited number of owner–managers with prior management experiences: Only 32 (10.3%) owner–managers had prior management experience in the sample. Nevertheless, the results are consistent with Stuart and Abetti (1990) findings that prior management experience was not significantly associated with business performance.

Likewise, social capital variables are not significant predictors of business growth. As Chapter 6 demonstrates, the possible reasons for these results might be that most owner–managers are not aware of existing professional organizations and the services they are offering, which in turn might be explained by the fact that the majority are not members of the organizations. This has caused these owner–managers not to benefit from the services (e.g., training) offered by the organizations. Yet, this has resulted in a moderated level of performance in their businesses.

Furthermore, the results reveal that the size of the start-up capital and access to loan are significant predictors of business growth. The findings are consistent with previous studies (Cooper et al. 1994; Lee et al. 2001) that find that firms with a higher level of start-up financial capital are more likely to achieve high business growth than firms with lower start-up financial capital.

In relation to subjective performance, the results of this study show that the most significant factor influencing performance satisfaction is gender. The findings indicate that women are satisfied with the performance they have achieved. The previous section indicates that there are significant gender differences in relation to business growth: men have achieved higher business growth. Similarly, men have higher growth aspirations for their businesses compared to women. Therefore, the link between the aspirations and performance satisfaction is evident. Because women are satisfied with the performance they have achieved, they do not aim high, and thus they do not struggle to achieve a higher business growth. In contrast, men are not yet satisfied with current performance and are still aspiring for higher business growth. The possible reasons as to why women have low aspirations have been discussed in chapter six, section 6.6.4.

In addition, we asked owner-managers how they spent most of the profits received: for family basic needs, to reinvest in the business, or for both family and business needs. Table 7-5 indicates that the majority of women (56.2%) were using their profits in family's basic needs. In contrast, the majority of men (58.9%) used their profits to reinvest in the business. Therefore, this finding suggests that Tanzanian women are more concerned with family issues than focusing on expansion of businesses. These results are in line with what Brush (1992) argues: that many women business owners may be pursuing other goals other than financial increase.

Table 7-5: Use of Profits

Use of Profits	Gender		
	Female	Male	Total
Family basic needs	73 (56.2%)	31 (17.2%)	104 (33.5%)
Reinvest in the business	20 (15.4%)	106 (58.9%)	126 (40.6%)
Both in family and business	37 (28.5%)	43 (23.9%)	80 (25.8%)
Total	130	180	310

Pearson's chi-square 68.863, df = 2, p = .000

7.5.2 Mediation Effects

We tested mediation effects by examining the significance of indirect effects through aspiration, actions, and perceptions. The results show that owner-managers' education level, childhood SES, presence of role model, social environment where owner-manager grew up, and the level of start-up capital size significantly influence business growth. However, the relationship between these predictors and business growth is mediated by owner-managers' aspirations. This suggests that in addition to what owner-managers have as capital (cultural and financial), they must be mediated by high business growth aspirations to achieve high business growth.

Similarly, the results show that owner-managers' perception accounts for the relationship between role model and business growth, between childhood SES and business growth, and between start-up capital and business growth. This implies that for owner-managers to achieve high business growth, they need role models, need to come from high SES families, and need a larger amount of start-up capital; however, they also need to have entrepreneurial perceptions in relation to how they manage challenges facing their businesses. Correspondingly, the results demonstrate that owner-managers' actions partially mediate the relationship between education level and business growth, and between start-up capital and business growth. Education level of owner-managers and the size of start-up capital are indeed important factors for business growth; however, it

requires owner–managers to translate the knowledge and start-up financial capital they have into actions (in terms of being innovative/creative in the business and in terms of being able to resolve conflicts) so that they can achieve higher business growth.

Regarding gender differences in relation to business growth, the results indicate that men are more likely to achieve high business growth than female owner–managers. The effect of gender on business growth exists (at least partly) because of an indirect effect of owner-manager’s aspirations. In this regard, gender differences found in business growth are the result of differences in individual growth aspirations.

Therefore, the results confirm Bourdieu’s argument that a person’s practices (business growth) are the results of capital mediated through habitus within a social field. Owner–managers may have the same cultural, social, and financial capital needed for their business performance; however, the translation of these capitals into performance will depend on the person’s habitus (aspirations, perceptions, and actions). Owner–managers with high growth aspirations, entrepreneurial perceptions, and actions are more likely to exploit well their capitals and achieve high business growth.

7.6 Subjective Business Performance Measure

This study measures business growth using WACGR for five years. However, it has been argued that some of the owner–managers (especially female owner–managers) may not be driven by financial goals for their businesses (Brush, 1992). One of the subjective performance measurements used is the extent to which owner–managers are satisfied with their business performance (Wijbenga, 2004). Respondents for this study were asked to indicate their satisfaction level regarding the current business performance. We used a five-point Likert scale (1 = “very unsatisfied,” and 5 = “very satisfied”).

In Table 7–4 (correlation matrix), the results show that the relationship between subjective performance measure (performance satisfaction) and objective performance measure (capital growth) is negatively related and significant, but the correlation between the two measures is small ($r = -.146$, $p < .01$). This suggests that some of the owner–managers who have achieved high business growth are not yet satisfied with the current performance. Likewise, there is a negative relationship between owner–manager’s growth aspirations and performance satisfaction ($r = -.223$, $p < .01$). The few owner–managers who are not yet satisfied with their current performance are the ones who aspire for greater business growth.

In general, there is a significant negative relationship between performance satisfaction and most of the variables. The results indicate that performance satisfaction is significantly related with perception ($r = -.112$, $p < .05$), actions ($r = -.118$, $p < .05$), education ($r = -.244$, $p < .01$), role model ($r = -.194$, $p < .01$), childhood SES ($r = -.236$, $p < .01$), social environment ($r = -.186$, $p < .01$). Similarly, there are significant gender differences in relation to performance satisfaction ($r = -.360$, $p < .01$). Likewise, performance satisfaction is negatively related with management experience ($r = -.148$, $p < .01$), family size ($r = -.193$, $p < .01$), and firm age ($r = -.130$, $p < .05$).

To examine the effect of these variables on the dependent variable (performance satisfaction), we estimated the PLS model with all variables. The model fit test indicates that the predictors included in the model can only explain 22.4% of the variance in performance satisfaction. This means that there are other significant factors not included in the model but influencing owner–managers’ performance satisfaction.

The results in Table 7-6 show that the most significant predictor for performance satisfaction is gender ($\beta = -.318$, $p < .001$). This suggests that male owner–managers are not satisfied with the current performance, while the majority of female owner–managers are satisfied with the performance. Similarly, performance satisfaction is also being influenced by owner–

manager's education level ($\beta = -.162, p < .05$). Owner-managers with high education are not satisfied with the performance they have achieved, compared to those with low education levels.

Table 7-6: Total and Direct effects (Subjective Performance measure)

Predictor	Total Effects (path c)	Direct Effects (path c')
	Performance Satisfaction	Performance Satisfaction
Actions	-.0197	-.0197
Aspirations	-.0021	-.0021
Perceptions	.0673	.0673
Education	-.162*	-.157*
Experience	.0351	.0297
Ethnicity	-.0206	-.0243
Role model	-.0404	-.0461
Childhood SES	-.1081*	-.134*
Social_Environment	.053	.0534
Access to Loan	-.0059	-.0057
Start-up Capital	.0206	.0154
Gender	-.3182***	-.318***
Mgt-Experience	-.0721	-.0716
Professional Network	.0062	.0037
Network Benefits	.0171	-.0153
Family size	.0899	.0899
Initial Firm size	.0582	.0582
Business Location	-.0638	-.0638
Firm age	-.115*	-.115*
Legal status	.017	.017
R-square	22.4%	

* $p < .05$, ** $p < .01$, *** $p < .001$

In addition, childhood SES is a significant predictor of owner-managers' performance satisfaction ($\beta = -.108, p < .05$). This means that owner-managers who grew up in low SES families are more likely satisfied with the

performance they have achieved, compared to those who grew up in high socioeconomic families.

In relation to firm specific characteristics, firm age is also significantly related with performance satisfaction ($\beta = -.115, p < .05$). The results show that owner-managers of younger firms are more satisfied with the performance, compared to the ones with older firms.

From the results, it can be observed that growth and subjective performance seem to measure completely different things. Most of the literature has focused on growth as proxy for business success, but the results show that subjective indicator is important, especially for female owner-managers. These results support what Brush (1992) found that many female business owners are pursuing other goals than growth. Therefore, assessment of business performance for female business owners should not focus on growth measures only, but should also include subjective performance measures.

7.7 Chapter Summary and Conclusion

The focus of this chapter is to investigate the role of habitus as mediator between capital, gender, and business growth. We examine the influence of habitus through owner-managers' aspirations, perceptions, and actions. Before testing mediation effects, we examined the influence of the independent variables on business growth. Table 7-7 summarises the results of PLS model.

The likelihood of achieving high business growth was significantly related to the presence of a role model in the families, with owner-managers who have a Chagga background, owner-managers who lived in cities/towns, and owner-managers who grew up in high SES families. Similarly, business growth was significantly related to previous employment experience.

Owner-managers who were previously employed are more likely to achieve high business growth.

Table 7-7: Summary of Partial Least Square Analysis

S/No.	Hypothesis	Results
H1a	Owner-managers who come from high socio-economic status are more likely to achieve high business growth than those from low socio-economic status.	Supported
H1b	Owner-managers who grew up in cities/towns are more likely to achieve high business growth than those who grew-up in villages	Supported
H1c	Owner-managers with parents/close relatives who owned a small business are more likely to achieve high business growth than those who did not have any role model	Supported
H1d	Owner-managers from an ethnic group who are over-represented in business ownership achieve higher business growth than the other ethnic groups	Supported
H1e	Owner-managers with high education level are more likely to achieve high business growth than those with low education levels	Supported
H1f	Owner-managers with previous work experiences achieve higher business growth than those who were not employed previously.	Supported
H1g	Owner-managers with management experience are more likely to achieve high business growth than those who did not have any previous management experience.	Not Supported
H2a	The more owner-managers are involved in networking activities the higher is business growth	Not Supported
H2b	The benefits received through networking are positively related to business growth	Not Supported
H3a	The size of start-up financial capital has a positive relationship with business growth	Supported
H3b	Access to loans has a positive relationship with business growth.	Not Supported
H4a	Entrepreneurial habitus is significantly related to business growth	Supported
H4b	Capital is significantly related to entrepreneurial habitus	Supported
H4c	Entrepreneurial habitus mediates the relationship between capital and business growth	
H5a	Male entrepreneurs are expected to achieve greater business growth than female entrepreneurs	Supported
H5b	The effect of gender on business growth is mediated by habitus	Not Supported

However, the results show that social capital variables did not exert a significant effect on business growth. A possible explanation for this might be that most owner–managers were not aware of the existing professional organizations and their services. Regarding financial capital, the likelihood of achieving a high business performance was significantly related to start-up capital and access to loan.

Regarding the role of habitus as a mediator, the results indicate that habitus partially mediates the relationship between capitals and business growth. This means that the effect of predictors on business growth exists (at least partly) because of an indirect effect of owner–managers' aspirations, perceptions, and actions, which in turn leads to greater business growth.

Concerning gender differences, the findings indicate that there are differences in relation to business growth. The women we studied have not achieved a high business growth compared with their male counterparts. However, the results show that gender differences found in business growth are the results of differences in individual growth aspirations. Similarly, the findings indicate that women are more satisfied with the performance they have achieved than the men in the sample, which involves the way they perceive their firms.

The results have also indicated that subjective business performance is very important especially to female business owners. Therefore, it is important to include subjective performance measures when studying female-owned businesses.

Chapter 8: Conclusions and Recommendations

8.1 Introduction

This study examines factors that contribute to gender differences in relation to business growth. This chapter begins by presenting the summary of findings and then discusses the contribution of this study to the literature. It concludes with a discussion of policy implications of the findings and presents the further research areas.

8.2 Summary of the Findings

The purpose of this study was to examine the role of habitus in explaining gender differences in small business growth. We started this study by conducting case studies, in which the purpose was to explore owner-managers' habitus in relation to business performance and growth. We used Bourdieu's theory of practice, which provided a useful conceptual framework that facilitated a better understanding of how owner-managers' social background influences their aspirations and business practices. The findings from ten cases studies revealed that through the childhood socialization process, owner-managers developed an embodied habitus that helped them to manage different challenges they faced in their businesses, which in turn led to performing well. Owner-managers from lower-class families did not have high growth aspirations, while most of the owner-managers from middle class families showed high determination in achieving their goals. The results confirm Bourdieu's (2003) argument that it is common for the working class people to feel that they have no control over their future. Similarly, the results indicate that owner-managers with role models and those who came from the Chagga ethnic group were able to learn skills and knowledge from their families, which helped them to perform well in their businesses. Moreover, the size of financial capital alone is not a guarantee for high business performance. Financial capital must be combined with an entrepreneur's habitus to achieve high business growth.

Regarding owner–managers’ perceptions, we found that there were differences among female and male owner–managers in relation to how they perceived business performance. Female owner–managers measured business performance in terms of meeting personal goals they had set when they started their businesses. They did not focus on the financial increase; instead, they place a higher value on their personal goals, self-fulfilment, and their family roles more than on the growth of their businesses.

The quantitative study confirmed these qualitative findings. Chapter 6 examines the influence of cultural, social, and financial capital on owner–managers’ growth aspirations and whether there are significant gender differences on the effects of the independent variables on growth aspirations. Using a sample of 309 owner–managers and a logistic regression analysis, we show that cultural capital has a more significant effect on growth aspirations than the other capitals. The results indicate that owner–managers’ growth aspirations are influenced by childhood SES, social environment, role models, ethnic background, and education level. However, in this study, social capital variables did not exert a significant effect on the owner–managers’ growth aspirations, possibly because the majority of the owner–managers were not aware of the existing professional organizations and the services provided. Moreover, access to loan was not significantly related to growth aspirations. However, the current size of financial capital owned was a significant predictor of increasing growth aspirations. Analysis of gender differences has revealed that there are differences in relation to growth aspirations. Specifically, the women in this study did not aim high for their businesses compared with their male counterparts. Likewise, the results show that the effects of the independent variables on growth aspirations are different across female and male owner–managers.

Chapter 7 investigates the influence of cultural, social, and financial capital on the business growth and whether the relationship between type of capital, gender, and business growth can be mediated by habitus (aspirations, perceptions, and actions). It has been found that the likelihood of achieving high business growth was significantly related to the presence of a role model in the families, owner–managers having a Chagga background, owner–managers living in cities/towns, and owner–managers who grew up in high-SES families. Similarly, business growth was significantly related to previous employment experience. Owner–managers who were previously employed were more likely to achieve high business growth than those who

did have any formal employment previously. However, the results show that social capital variables did not exert a significant effect on business growth. In relation to financial capital, the findings indicate that the likelihood of achieving high business was significantly related to start-up capital and access to loans.

Regarding the role of habitus as a mediator, the results show that habitus partially mediates the relationship between capitals and business growth. This means that the effect of predictors on business growth exists (at least part of it) because of an indirect effect of owner–managers' aspirations, perceptions and actions, which in turn leads to greater business growth. Regarding gender differences, the findings reveal that there are differences in relation to business growth. Women did not achieve high business growth compared with their male counterparts. However, the results have shown that gender differences found in business growth are the results of differences in individual growth aspirations. Similarly, the results indicate that women are more satisfied with the performance they have achieved than men.

8.3 Contribution of the Study

The results of this study present several contributions to the literature. First, the current study increases understanding of Bourdieu's framework and his concept of habitus. The existing literature establishes that Bourdieu's framework has been applied in education studies, studying differences in education performance (DiMaggio and Mohr, 1985; Dumais, 2002; and McClelland, 1990). However, we found no studies that applied Bourdieu's framework to entrepreneurial performance differences. Therefore, this study has contributed to the body of knowledge on how the concept of habitus can be used to explain gender differences found in business growth.

Second, this study contributes to the literature by studying the concept of habitus broadly. Although several studies (e.g., in the education field) have involved the concept of habitus (DiMaggio and Mohr, 1985; Dumais, 2002; Jacobs et al., 1991; McClelland, 1990and), these studies covered only one aspect of habitus: aspirations. Educational researchers have studied habitus in relation students' occupational aspirations (Dumais, 2002; McClelland, 1990; Jacobs et al., 1991). This study includes two more aspects of habitus (which are mentioned in Bourdieu's definition of habitus): perceptions and

actions. In line with Bourdieu, we argue that because of the social class position people were born into, they develop different perceptions about their future. In addition, on the basis of their perceptions, they develop aspirations, which are then externalized into actions that lead to a particular practice (in this study, it leads to high business growth). Therefore, this study contributes to the knowledge by studying three aspects of habitus (perceptions, aspirations, and actions).

Third, the study contributes to the knowledge by investigating how owner–manager aspirations can be influenced by cultural capital passed down from the family. Several researchers have studied owner–managers’ growth aspirations in the entrepreneurship field (Barkham, 1994; Basu, 2004; Cliff, 1998; Davidsson, 1991; Elijah-Mensah, 2010; Kolvereid, 1992; Manolova et al., 2007; Morris, et al., 2006; Olomi, 2001). We found no studies that examined the influence of the social background (cultural capital passed down from the family) on owner–managers’ aspirations. According to Bourdieu, people develop their careers and aspirations through continuous socialization in different social conditions (at family and society level). The results of this study confirm that the way people perceive the world and develop their aspirations and ambitions is based on the knowledge and skills imparted to them when they were young, either at family level or at society level.

Fourth, another contribution of this study is that it is an attempt to explain the relationship between capitals possessed by owners and business growth using habitus variables. This study is the first to examine the mediation effects of habitus variables on the business growth. It has been found that the effect of capital and gender on business growth exists (at least partly) because of an indirect effect of owner–managers’ aspirations, perceptions and actions, which in turn leads to greater business growth.

Furthermore, this study contributes knowledge about gender differences found in business growth. This study indicates that female owner–managers had a different perception about business performance and business growth. Female owner–managers appreciated business performance in terms of meeting personal goals they had set when they started their businesses. Similarly, the results reveal that female owner–managers are more satisfied with the performance they achieved than male owner–managers. Thus, it could be argued that women define business success differently from men; they place a higher value on their personal goals and self-fulfilment and their family roles than on the growth of their businesses.

Although the research setting of this study consisted of small businesses in Tanzania, the findings may well be generalized to similar contexts, because in general, more or less the same conditions apply to small business owners, especially to those in developing countries.

8.4 Implications of the Study

The findings of this study suggest that the way people perceive the world and the way they develop their aspirations and ambitions is based on the knowledge and skills imparted to them when were young, either at the family or society level. People from disadvantaged backgrounds who fail to develop or maintain high aspirations do not simply need a single person to point out the appropriate path to them; they need to be surrounded by enough examples of success to believe that it is actually possible for them to attain it (Bourdieu 1973; McClelland 1990). In that regard, it is evident that social environment (with enough success examples) and role models are important in shaping people's aspirations. This finding has an important implication: To stimulate owner-managers' aspirations, the government/business organizations can organize workshops and training to existing entrepreneurs (successful, unsuccessful, and nascent). Attending training, seminars, workshops, and informal or formal schooling and joining organizations for networking and benchmarking may help upgrade owner-managers' entrepreneurial skills and inspire them to expand their businesses. Furthermore, successful entrepreneurs should be given a chance to share their success stories so that unsuccessful and nascent entrepreneurs can learn and be motivated to expand their businesses. However, the findings have revealed that most of the owner-managers are not aware of the professional business organizations. This finding suggests that the existing business organizations need to design programs that will reach all owner-managers at all levels (small, medium, and large), so that all groups can benefit from networking.

Likewise, the findings indicate that women are less motivated to expand their businesses. The study indicates that possible factors are their different socialization experiences, which affected their aspirations. Therefore, we propose that governments should design programs that encourage parents to provide equal treatments to girls and boys and discourage any discrimination against girls, as this has an impact on their future aspirations and careers.

Similarly, the findings have revealed that education is very important for business growth aspirations. The higher the education level, the higher the business growth aspirations. However, very few university graduates choose self-employment as their career. We recommend that policy makers promote the importance of entrepreneurship or self-employment in the higher learning institutions in Tanzania. University students should be taught about entrepreneurship and its importance in economic development. They should be encouraged to enter the business field and not to depend only on formal employment opportunities. In that regard, the government of Tanzania should introduce a policy that higher learning institutions should provide entrepreneurship programmes to their students.

Regarding gender differences, it is important that government policies and measures motivate households to enable women to function effectively as mothers, wives, and managers of their businesses. In these efforts, there may be a need to design business development policies and support measures that have a gender face—that is, the different needs and characteristics of female owner-managers are taken into account. Importantly, because different industries exhibit different growth possibilities and potentials, the government and development practitioners could specifically target and guide female owner-managers to sectors where they are likely to realise high profits and thus raise their prospects for business growth by providing them with some kind of motivation for women to take part in those sectors.

Furthermore, the results have shown that financial capital is very important for growth aspirations, but access to loans do not have a significant impact on growth aspirations. We have seen that a possible explanation on this is the high interest rates charged on loans. Therefore, we recommend that the government to review national microfinance policy of year 2000; so that they can monitor the prices charged MFIs. Currently, MFIs are free to charge their own prices without any interference of government.

8.5 Limitations and Suggestions for Further Study

This study has several limitations that must be taken into consideration when interpreting results. First, the study was limited to four regions (urban areas) in the country. This suggests that to some extent, these results might reflect regional (geographical) differences, culture, and economic trends. In that regard, while the results of this study are likely to be generalized to

micro and small businesses in other parts of the country and even outside Tanzania, it is vital that the results are not taken in wholesale because of country-specific conditions, including culture and entrepreneurial opportunities.

Second, the manner in which the concept of habitus is observed is a limitation. It is argued that habitus is always revealed in moments of practice and is operated at a level that is at least unconscious (Webb et al. 2002). In exploring owner–managers’ habitus, we only interviewed owner–managers, and did not include employees⁵⁰ who could have observed the way the owner–manager’s habitus is being practiced. The inclusion of employees in further research would provide more insights on how the owner–manager is practicing his or her habitus in terms of perceptions, aspirations, and actions.

Third, our study has a cross-sectional research design, which examines patterns of results only after the fact. Although this research has explored the relationships between capitals and business growth, the cross-sectional design makes it impossible to provide evidence on causal relationship; thus, a longitudinal design is recommended for further research.

Another possible source of bias may result from the sampling procedure used in this study. A lack of proper database of small business owners in Tanzania made it difficult to use probability sampling techniques; instead, we applied a nonprobability sampling method—namely, purposefully quota sampling. Researchers in the future could use probability sampling (if the list of business owners is available), because it would allow them to specify the sampling distributions of sample statistics and their relationship to population parameters.

⁵⁰ We could not include employees because owner–managers were reluctant to allow their **employees to be interviewed**. In addition, a substantial number of businesses (44.2%) did not have any employees.

References

- Abor, J. and Biekpe, N. (2006). "SMEs' access to debt finance: A comparison of male-owned and female-owned businesses in Ghana", *The International Journal of Entrepreneurship and Innovation*, 7(2), 105–112
- Ahl, H. (2006). "Why Research on Women Entrepreneurs Needs New Directions", *Entrepreneurship: Theory and Practice*, 30(5), 595–621
- Ajzen, I. (1988). *Attitudes, Personality, and Behaviour*. Chicago: Dorsey Press.
- Ajzen, J. (1991). "The Theory of Planned Behaviour", *Organizational Behaviour and Human Decision Processes*, 50, 179–211.
- Aldrich, H.E., Reese, P.R., and Rosen, B. (1989). "Women on the Verge of a Breakthrough? Networking among Entrepreneurs in the United States and Italy", *Entrepreneurship and Regional Development*, 1, 339–356.
- Almus, M. and Nerlinger, E.A. (1999). "Growth of New Technology-Based Firms: Which Factors Matter?" *Small Business Economics* 13, 141–154.
- _____ (2000). "Testing Gibrat's Law for Small, Young Firms – Empirical Results for West Germany" *Small Business Economics* 15, 1-12.
- Amit, R., Glosten, L. and Muller, E. (1993). "Challenges to Theory Development in Entrepreneurship Research", *Journal of Management Studies* 30 (5), 815 - 833.
- Andrewes, J. (2005). *Bodywork: Dress as Cultural Tool Dress and Demeanor in the South of Senegal*. Leiden: African social studies series
- Arenius, P. and De Clercq, D. (2005). "A network-based Approach on opportunity recognition", *Small business economics* 24, 249-265
- Argyle, M. (1994). *The Psychology of Social Class*. London: Routledge.
- Bandura, A. (1977). *Social Learning Theory*, New York: General Learning Press

- _____ (1997). *Self-efficacy: The exercise of control*. New York: Freeman and Co.
- _____ (1999). "Social Cognitive Theory: An Agentic Perspective", *Asian Journal of Social Psychology*, 2, 21- 41
- Bajema, D.H., Miller, W.W. and Williams, David L. (2002). "Aspirations of Rural Youth", *Journal of Agricultural Education*, 43(3), 61-71
- Barkham, R.J. (1994) "Entrepreneurial Characteristics and the Size of the New Firm: A model and an Econometric Test", *Small Business Economics*, 6, 117 – 125
- Barkham, R., Gudgin, G., Hart, M. and Hanvery, E. (1996). *The Determinants of Small Business Growth: An Inter-Regional Study in the United Kingdom 1986–1990*. London: Jessica Kingsley and the Regional Studies Association.
- Baron, R. M. and Kenny, D. A. (1986). "The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations". *Journal of Personality and Social Psychology*, 51, 1173–1182.
- Barney, J.B. (1991). "Firm resources and sustained competitive advantage", *Journal of Management*, 17(1), 99–120
- Basu, A. (2004). "Entrepreneurial Aspirations among family business owners: an Analysis of Ethnic business owners in the UK", *International Journal of Entrepreneurial Behaviour and Research*, 10(1/2), 28–33.
- Basu, A. and Goswami, A. (1999). "Determinants of south Asian Entrepreneurial Growth in Britain: A Multivariate Analysis", *Small Business Economics*, 13, 57–70
- Baumol, W. J. (1959). *Business Behaviour, Value and Growth*. New York: Macmillan.
- Becchetti, L., and Trovato, G. (2002). "The Determinants of Growth for Small and Medium Sized firms. The Role of the Availability of External Finance", *Small Business Economics*, 19, 29–309
- Begley, T.M. and Boyd, D.P. (1987). "Psychological characteristics associated with performance in entrepreneurial firms and smaller businesses", *Journal of Business Venturing*, 2(1), 79–93.

- Bem, S. (1993). *The lenses of gender: Transforming the debate on sexual inequality*. New Haven: Yale University Press
- Berg, N.G (1997). “Gender and Entrepreneurship”, *Entrepreneurship and Regional Development*, 9, 259 – 268
- Bird, B. J. (1989). *Entrepreneurial behaviour*. Glenview, IL: Scott Foresman.
- Bird, S.R. and Sapp, S.G. (2004). “Understanding the Gender Gap in Small Business Success: Urban and Rural Comparisons”, *Gender and Society*, 18(1), 5–28
- Birley, S.C., Moss, C. and Saunders, P. (1987). “Do Women Entrepreneurs require different training?” *American Journal of Small Business*, 12(1), 27–35
- Boden, A. J., Richard, J. and Nucci, A.R. (2000). “On the Survival Prospects of Men’s and Women’s new Business Ventures”, *Journal of Business Venturing*, 15(4), 347–362.
- Bontis, N. and Booker, L.D. (2007). “The mediating effect of organizational reputation on customer loyalty and service recommendation in the banking industry”. *Management. Decision*, 45(9), 1426–1445.
- Bourdieu, P. (1973). “Cultural Reproduction and Social Reproduction’, In Brown, R.(ed.) *Knowledge, Education, and Cultural Change: Papers in the Sociology of Education*., London: Tavistock, 71–112
- _____ (1977). *Outline of a Theory of Practice*. Cambridge, UK: Cambridge University Press.
- _____ (1984). *Distinction: A Social Critique of the Judgment of Taste*. London: Routledge.
- _____ (1986). “Forms of Capital”, in Richardson, J. (ed.). *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood, 241–258
- _____ (1990). *The Logic of Practice*. Cambridge, UK: Polity Press.
- _____ (1992). “The Practice of Reflexive Sociology (The Paris Workshop)”, In Bourdieu, P. and Wacquant, L. (ed.), *An Invitation to Reflexive Sociology*. Chicago, IL: University of Chicago Press, 217–260.

- _____ (1993). *The Field of Cultural Production*. Cambridge, UK: Polity Press.
- _____ (2001). *Masculine Domination*. Stanford, CA: Stanford University Press.
- _____ (2003). “Against objectivism: the reality of social fiction”, in Sikes, P., Nixon, J. and Carr, W. (eds), *The Moral Foundations of Educational Research: Knowledge, Inquiry and Values*. Maidenhead: Open University Press, 68–85
- _____ (2005). “Habitus.” In Hillier, J. and Rooskby, E. (eds). *Habitus: A Sense of Place*. England: ASHGATE, 43–49.
- Bourdieu, P. and Passeron, J.C. (1977). *Reproduction in Education, Society and Culture*. London: Sage Publications.
- Bourdieu, P. and Wacquant, L. J. D. (1992). *An invitation to reflexive sociology*. Chicago, IL: University of Chicago Press.
- Bovet, P., Ross, A.G., Gervason, J.P., Mkamba, M., Mtasiwa, D.M., Lengeler, C., Whiting, D., and Paccaud, F. (2002). “Distribution of Blood Pressure Body Mass Index and Smoking Habits in the Ubarn Population of Dar es Salaam, Tanzania, and Associations with Socioeconomic Status”, *International Epidemiological Association*, 31, 240–247
- Bowden, M. and Doughney, J (2009). “Socio-economic Status, Cultural Diversity and the Aspirations of Secondary Students in the Western Suburbs of Melbourne, Australia”, *Higher Education*, 59 (1), 115–129
- Breen, D. T. and Quaglia, R. (1991). “Raising student aspirations: The need to share a vision”, *The School Counsellor*, 38(3), 221–228.
- Brockhaus, R. H. (1980). “Risk taking propensity of entrepreneurs”, *Academy of Management Journal*. 23(3), 509–520.
- Brown, D. L. and Ashman, D. (1996) “Participation, Social Capital, and Inter-sectoral Problem Solving: African and Asian Cases”, *World Development*, 24(9), 1467–1479.

- Brush, C. G. (1992). "Research on women Business Owners: Past Trends, a New Perspective and Future Directions", *Entrepreneurship: Theory and Practice*, 16(4), 5–30.
- Bussey, K., and Bandura, A. (1999). "Social cognitive theory of gender development and differentiation", *Psychological Review*, 106, 676–713.
- Butler, J. (1999). "Performativity's social magic". In Shusterman, R. (ed.), *Bourdieu: A critical reader*. London: Blackwell, 113–128.
- Bygrave, W.D. (1989). "The entrepreneurship paradigm (I): a philosophical look at its research methodologies", *Entrepreneurship: Theory and Practice*, 14, 7–26.
- Calvo, J.L. (2006). "Testing Gibrat's Law for Small, Young and Innovating Firms", *Small Business Economics*, 26, 117–123.
- Carter, N., and Williams, M. (2003). "Comparing social feminism and liberal feminism", In Butler, J.E. (ed.), *New Perspectives on Women Entrepreneurs: Research in Entrepreneurship and Management*. Greenwich: Information Age Publishing, 25–50.
- Carter, N., Williams, M. and Reynolds, P. (1997). "Discontinuance among new firms in retail: The influence of initial resources, strategy, and gender", *Journal of Business Venturing*, 12(2), 125–145.
- Carter, S. and Jones-Evans, D. (2006). *Enterprise and Small Business: Practice and Policy*. London: Prentice Hall.
- Cassar, G. (2006). "Entrepreneur opportunity costs and intended venture growth", *Journal of Business Venturing*, 21, 610–632.
- Casson, M. (1982). *The Entrepreneur – An Economic Theory*. Oxford: Martin Robertson.
- _____. (1993). "Cultural Determinants of Economic Performance", *Journal of Comparative Economics*, 17, 418–442.
- Casson, M. (2005). "The Individual – Opportunity Nexus: A Review of Scott Shane: A General Theory of Entrepreneurship", *Small Business Economics*, 24, 423–430.

- Chaganti, R. (1986). "Management in Women-Owned Enterprises", *Journal of Small Business Management*, October, 18-29
- Chan, S. Y and Foster, M. J. (2001). "Strategy formulation in small business: The Hong Kong experience". *International Small Business Journal*, 19(3), 56-71
- Charemza, W. and Deadman, D. (1997). *New Directions in Econometric Practice*. Cheltenham, UK: Edward Elgar
- Charmaz, K. (2006). *Constructing grounded theory. A practical guide through qualitative analysis*. London: Sage Publications.
- Chell, E., Haworth, J., and Brealey, S. (1991). *The Entrepreneurial Personality: Concepts, Cases and Categories*. London: Routledge
- Chin, W. W. (1998). "The partial least squares approach to structural equation modeling", In Marcoulides, G. A. (Ed.), *Modern methods for business research*. Mahwah, NJ: Lawrence Erlbaum Associates, Inc, 295–336
- Chow, G. (1960). "Tests of equality between sets of coefficients in two linear regressions". *Econometrica*, 28, 591–605.
- Christensen, P.S, and Peterson, R. (1990). "Opportunity Identification: Mapping the Sources of New Venture Ideas", In *Frontiers of Entrepreneurship Research*, Wellesley, MA: Babson College, 567-581
- Cliff, J.E. (1998). "Does one size fit all? Exploring the relationship between attitudes towards growth, gender, and business size", *Journal of Business Venturing*, 13(6), 523-542.
- Cobb, R .A., McIntire, W. G., and Pratt, P. A. (1989). "Vocational and educational aspirations of high school students: A problem for rural America", *Journal of Research in Rural Education*, 6(2), 11-16.
- Cohen, J., and Cohen, P. (1983). *Applied multiple regression/correlation analysis for the behavioural sciences*. Hillsdale, NJ: Erlbaum.
- Cohen, L., and Musson, G. (2000). "Entrepreneurial Identities: Reflections from Two Case Studies," *Organization* 7(1), 31–48

- Coleman, J.S. (1988). "Social Capital in the Creation of Human Capital". *American Journal of Sociology*, 94, 95-119.
- Coleman, S. (2007). "The Role of Human and Financial Capital in the Profitability and Growth of Women-Owned Small Firms", *Journal of Small Business Management*, 45(3), 303-319
- Cooper, A.C., Gimén-Gason, J.F. and Woo, C.Y. (1994). "Initial Human and Financial Capital as predictors of New Venture Performance", *Journal of Business Venturing*, 9, 371-395.
- Corsun, D.L. and Costen, W.M. (2001). "Is the Glass Ceiling Unbreakable?: Habitus, Fields, and Stalling of Women and Minorities in Management", *Journal of Management Inquiry*, 10, 16-25
- Costa, P.T. Jr., McCrae, R.R. (1994). "Set like plaster?" Evidence for the stability of adult personality", In Heatherton, T. and Weinberger, J. (eds.). *Can Personality Change?*, Washington, DC : American Psychological Association, 21-40
- Costa, P.T. Jr., Terracciano, A. and McCrae, R.R. (2001). "Gender Differences in Personality Traits across Cultures: Robust and Surprising Findings", *Journal of Personality and Social Psychology*, 81(2), 322-331
- Cromie, S. and O'Sullivan, S. (1999). "Women as managers in family firms", *Women in Management Review*, 14 (3), 76-88.
- Crompton, R. (1993). *Class and Stratification*. Cambridge, UK: Polity Press
- Cunningham, J.B. and Lischeron, J. (1991). "Defining Entrepreneurship", *Journal of Small Business Management*, 29(1), 45-61.
- Davidsson, P. (1991). "Continued entrepreneurship: Ability, Need, and Opportunity as Determinants of Small Firm Growth" *Journal of Business Venturing* 6,405-429.
- Davidsson, P., and Honig, B. (2003). "The role of social and human capital among nascent entrepreneurs", *Journal of Business Venturing*, 18, 301 - 331
- Davidsson, P., Kirchoff, B., Hatemi, A. and Gustavsson, H. (2002). "Empirical Analysis of Business Growth Factors Using Swedish Data", *Journal of Small Business Management*, 40(4), 332-349

- De Graaf, N. D., De Graaf, P.M., and Kraaykamp, G. (2000). "Parental Cultural Capital and Educational Attainment in the Netherlands: A Refinement of the Cultural Capital Perspective", *Sociology of Education*, 73(2), 92-111.
- Delmar, Frederic and Wiklund, Johan (2008). "The Effect of Small Business Managers' Growth Motivation on Firm Growth: A Longitudinal Study", *Entrepreneurship Theory and Practice*, May, 437-457
- DeMaris, Alfred (2004). *Modeling Continuous and Limited Response Variables*. New York: John Wiley and Sons, Inc.
- DiMaggio, P. (1982). "Cultural Capital and School Success: The Impact of Status Culture Participation on the Grades of U.S. High School Students", *American Sociological Review*, 47(2), 189-201.
- DiMaggio, P. and Mohr, J. (1985). "Cultural Capital, Educational Attainment, and Marital Selection", *The American Journal of Sociology*, 90(6), 1231-1261.
- Donckels, R. and Lambrecht, J. (1995). "Networks and Small Business Growth: An Explanatory Model", *Small Business Economics* 7, 273-289,
- Dumais, S. (2002). "Cultural Capital, Gender, and School Success: The Role of Habitus", *Sociology of Education*, 75(1), 44-68.
- Du Rietz, A. and Henrekson, M. (2000). "Testing the Female Underperformance Hypothesis". *Small Business Economics*, 14(1), 1-10
- Elijah-Mensah, A. (2010). "Impacts of Motivation on Venture Growth: A Grounded Theory Approach on Women Entrepreneurs in Ghana's Tourism Industry", DBA dissertation, Maastricht School of Management.
- Evans, D.S. (1987). "The Relationship between Firm Growth, Size and Age: Estimates for 100 Manufacturing Industries", *Journal of Industrial Economics*, 35, 567-581
- Fabowale, L., Orser, B. and Riding, A. (1995). "Gender, structural factors, and credit terms between Canadian small businesses and financial institutions", *Entrepreneurship Theory and Practice*, 19(4), 41-65.

- Falk, R. F., and Tonkin, P. (2001). "Soft modelling the predictors of drug treatment use", *Social Research Update*, 1(32), 1-4
- Field, A. (2009). *Discovering Statistics using SPSS (3rd Ed)*. London: Sage Publications.
- Fischer, E.M., Reuber, R.A. and Dyke, L.S. (1993). "A theoretical overview and extension of research on sex, gender, and entrepreneurship", *Journal of Business Venturing* 8, 151–168.
- Fornell, C., and Larcker, D. F. (1981). "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, 18(1), 39–50.
- Franke, R.H., Hofstede, G. and Bond, M.H. (1991). "Cultural Roots of Economic Performance: A Research Note", *Strategic Management Journal*, 12, 165–173.
- Frazier, P. A., Tix, A. P., and Barron, K. E. (2004). "Testing moderator and mediator effects in counseling psychology research", *Journal of Counseling Psychology*, 51, 115–134.
- Glancey, K. (1998). "Determinants of growth and profitability in small entrepreneurial firms". *International Journal of Entrepreneurial Behaviour and Research*. 4(1), 18-27
- Goffee, R. and Scase, R (1985). *Women in Charge: the Experiences of Female Entrepreneurs*. London: Allen and Unwin.
- Golafshani, N. (2003). "Understanding reliability and validity in qualitative research", *The Qualitative Report*, 8(4), 597-606.
- Gorton, M. (2000). "Overcoming the structure-agency divide in small business research", *International Journal of Entrepreneurial Behaviour and Research*, 6(5), 272-292
- Granato, J., Inglehart, R. and Leblang, D. (1996). "The Effect of cultural Values on Economic Development: Theory, Hypotheses, and some empirical tests", *American Journal of Political Science*, 40(3), 607–631
- Greenbank, P. (2006). "Does class matter? Mentoring small businesses' owner-managers", *Journal of European Industrial Training*, 30(8), 639-652

- Groen, A.J., Wakkee, I.A.M., De Weerd-Nederhof, P.C. (2008). "Managing Tensions in a High-tech Start-up : An Innovation Journey in Social System Perspective", *International Small Business Journal*, 26(1), 57-79
- Gundry, L., & Welsch, H. (2001). "The ambitious entrepreneur: high growth strategies of woman-owned enterprise", *Journal of Business Venturing*, 16, 453–470.
- Hair, J.F. Jr., Black, W. C., Babin, B.J., Anderson, R.E., and Tatham, R.L. (2006). *Multivariate Data Analysis (6th Ed)*. Upper Saddle River, NJ: Prentice Hall.
- Halinski, R. S. and Feldt, L. S. (1970). "The selection of variables in multiple regression analyses", *Journal of Educational Measurement*, 7(3), 151-158.
- Hall, B.H., (1987). "The Relationship between Firm Size and Firm Growth in US Manufacturing Sector", *Journal of Industrial Economics*, 35, 583–606
- Haller, E. J., and Virkler, S. J. (1993). "Another look at rural-non-rural differences in students' educational aspirations", *Journal of Research in Rural Education*, 9(3), 170-178.
- Harker, (1984). "On Reproduction, Habitus and Education", *British Journal of Sociology of Education*, 5(2), 117-127
- Harré, R. (1999). "The Rediscovery of the Human Mind: The Discursive Approach", *Asian Journal of Social Psychology*, 2(1), 43-62
- Harré, R. and Gillet, G. (1994). *The Discursive Mind*. Thousand Oaks, CA: Sage Publications.
- Havnes, P. and Senneseth, K. (2001). "A Panel Study of Firm Growth among SMEs in Networks", *Small Business Economics*, 16, 293–302
- Hébert, R. F. and Link, A.N. (1982). *The Entrepreneur: Mainstream views and Radical Critiques*. New York: Praeger.
- _____ (1989). "In Search of the Meaning of Entrepreneurship", *Small Business Economics*, 1, 39–49.
- Heller, P. (1996). "Social Capital as a Product of Class Mobilization and State Intervention: Industrial Workers in Kerala, India", *World Development*, 24(6), 1055–1071

- Herrington, M. and Maas, G. (2006). *Global Entrepreneurship Monitor South African Report 2006*. Cape Town: University of Cape Town.
- Heshmati, A. (2001). "On the Growth of Micro and Small Firms: Evidence from Sweden", *Small Business Economics*, 17(3), 213 – 228
- Hollingshead, A. B., and Redlich, F. C. (1958). *Social class and mental illness*. New York: Wiley.
- Hondagneu-Sotelo, P. (1992). "Overcoming Patriarchal Constraints: The reconstruction of gender relations among Mexican immigrant women and men." *Gender and Society* 6, 393-415
- Honig, B. (1998). "What determines success? Examining the human, financial, and social capital of Jamaican micro-entrepreneurs". *Journal of Business Venturing* 13 (5), 371–394.
- Hoorweg, J. (1972). "Africa (south of the Sahara): Review of Psychological Literature", In V.S. Sexton and H. Misiak (eds.), *Psychology around the World today*. Monterey, CA: Brooks/Cole, 8-28.
- Howard, M. 1994. "Socio-economic Causes and Cultural Explanations of Childhood Malnutrition Among the Chagga of Tanzania", *Social Science Medicine*. 38(2), 239-251.
- Hughes, A. and Storey, D. J. (1994). *Finance and the small firm*, London: Routledge.
- Hulland, J. (1999). "Use of partial least squares (PLS) in strategic management research: A review of four recent studies", *Strategic Management Journal*, 20, 195–204.
- ILO. (2003). *Tanzanian Women Entrepreneurs: Going for Growth*. Geneva: ILO
- Jaccard, J. (2001). *Interaction Effects in Logistic Regression*. Thousand Oaks, CA: Sage Publications
- Jackson, J., Torres, M., Caldwell, C.H., Neighbours, H.W., Nesse, R.M., Taylor, R.J., Trierweiler, S.J., And Williams, D.R., (2004). "The National Survey of American Life: a study of racial, ethnic and cultural influences on mental disorders and mental health", *International Journal of Methods in Psychiatric Research*, 13(4), 196-207.

- Jacobs, J.A., Karen, D. and McClelland, K. (1991). "The Dynamics of Young Men's Career Aspirations", *Sociological Forum*, 6(4), 609-639.
- Jennings, J.E. and Cash, M.P. (2006). "Women's entrepreneurship in Canada: progress, puzzles and priorities". In Brush, C.G.(ed.), *Growth-oriented Women Entrepreneurs and their Businesses: a Global research*. Northampton, MA: Edward Elgar Publishing, 53-87.
- Jenniskens, I., Ulijn, J., and Tywuschik, S. (2011). "Cultural capital and European entrepreneurship research: a plea for a paradigm focusing on national, corporate and professional cultural capital" *Int. J. Entrepreneurship and Small Business*, 14 (1), 39-55.
- Johnson, B.R. (1990). "Toward a multidimensional model of entrepreneurship: the case of achievement motivation and the entrepreneur", *Entrepreneurship: Theory and Practice*, 14, 39-54.
- Johnson, J. A. (1997). "Units of analysis for the description and explanation of personality". In Robert Hogan, John A. Johnson, and Briggs Stephen R. (eds.). *Handbook of personality psychology*, San Diego: Academic Press, 73-93.
- Jovanovic, B. (1982). "Selection and the Evolution of Industry". *Econometrica* 50(3), 649-670.
- Kalleberg, A., and Leicht, K. (1991). "Gender and Organizational Performance: Determinants of Small Business Survival and Success", *Academy of Management Journal* 34(1), 136-161.
- Kangasharju, A. (2000). "Growth of the Smallest: Determinants of Small Firm Growth Firm During Strong Macroeconomic Fluctuations", *International Small Business Journal*, 19(1), 28-43
- Kevane, M. (2004). *Women and Development in Africa: How Gender Works*. Boulder, CO: Lynne Rienner.
- Kickul, J., Griffiths, M.D., Gundry, L.K, and Iakovleva, T. (2010). "Mentoring Women Entrepreneurs in the Russian emerging Market", in De Bruin, A., Brush, C.G., Gatewood, E.J., Henry, C. (eds), *Women Entrepreneurs and the Global Environment for Growth: A research Perspective*. Northampton: Edward Elgar Publishing, 303-322.

- Kirwan, P., van der Sijde, P. and Groen, A. (2007). "Early-stage networking: how entrepreneurs use their social capital to establish and grow high technology start-ups", in Ulijn, J., Drillon, D. and Lasch, F. (Eds.): *Entrepreneurship, Cooperation and the Firm: The Emergence and Survival of High Tech Ventures in Europe*, Cheltenham, UK : Edward Elgar, 391–414
- Kirzner, I.M. (1978). *Competition and Entrepreneurship*. Chicago: University of Chicago Press
- Knack, S. and Keefer, P. (1997). "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation", *Quarterly Journal of Economics*, 112(4), 1251-1288
- Knight, F.H. (1921). *Risk, Uncertainty and Profit*. New York: Harper.
- Koh, (1996). "Testing hypotheses of entrepreneurial characteristics: A study of Hong Kong MBA students", *Journal of Managerial Psychology*, 11(3), 12-25
- Kohn, Melvin L. (1969). *Class and Conformity: A Study in Values*. Homewood, IL: The Dorsey Press.
- Kolvereid, L. (1992). "Growth Aspirations among Norwegian Entrepreneurs", *Journal of Business Venturing*, 7, 209–222.
- Krais, B. (2000). "The Gender Relationship in Bourdieu's Sociology", *SubStance*, 93, 53-67.
- Krieger, N, Williams, D.R. and Moss, N.E. (1997). "Measuring Social Class in US Public Health Research: Concepts, Methodologies, and Guidelines", *Annual Review of Public Health*, 18(May), 341-378.
- Kumar, M.S. (1985). "Growth, Acquisition Activity and Firm Size: Evidence from the United Kingdom", *Journal of Industrial Economics*, 33, 327–338
- Lachman, R. (1980). "Toward Measurement of Entrepreneurial Tendencies", *Management International Review*, 20(2), 108-116
- Lau, C.M. and Busenitz, L.W. (2001). "Growth intentions of entrepreneurs in transitional economy: the people's republic of China", *Entrepreneurship: Theory and Practice*, 26(1), 5-20.

- Lee, C., Lee, K., and Pennings, J. M. (2001). "Internal capabilities, external networks, and performance: A study on technology-based ventures", *Strategic Management Journal*, 22, 615-640.
- Lee-Gosselin, H., and Grisé, J. (1990). "Are women owner-managers challenging our definitions of entrepreneurship? An in-depth survey" *Journal of Business Ethics*, 9, 423-433.
- Lerner, M., Brush, C. and Hisrich, R. (1997). "Israeli women entrepreneurs: An examination of factors affecting performance", *Journal of Business Venturing*, 12(4), 315-339
- LeVine, R. (1966). *Dreams and Deeds: Achievement Motivation in Nigeria*. London: The University of Chicago Press.
- Liao, J. and Welsch, H. (2003). "Social capital and entrepreneurial growth aspiration: a comparison of technology- and non-technology-based nascent entrepreneurs", *Journal of High Technology Management Research*, 14, 149-170
- Lin, Z., Picot, G., and Compton, J. (2000). "The entry and exit dynamics of self-employment in Canada", *Small Business Economics*, 15(2), 105-125.
- Lizardo, O. (2011). "Pierre Bourdieu as a Post-cultural Theorist". *Cultural Sociology*, 5(1), 1-22
- Loehlin, J.C. (1992). *Genes and Environment in Personality Development*. Newbury Park, CA: Sage Publications.
- Low, M. and MacMillan, I., (1988). "Entrepreneurship: Past Research and Future Challenges" *Journal of Management*, 14(2), 139-161
- MacKinnon, D. P., Lockwood, C. M., and Williams, J. (2004). "Confidence limits for the indirect effect: Distribution of the product and resampling methods", *Multivariate Behavioral Research*, 39, 99-128.
- Mahar, C., Harker, R. and Wilkes, C. (1990). "The basic theoretical position", In Harker, R., Mahar, C. and Wilkes, C. (eds.), *An Introduction to the Work of P. Bourdieu: The Practice of Theory*, Basingstoke, UK: Macmillan, 1-25
- Manolova, T., Carter, N. M., Manev, I. M., and Gyoshev, B.S. (2007). "The Differential Effect of Men and Women Entrepreneurs' Human Capital

- and Networking on Growth Expectancies in Bulgaria”, *Entrepreneurship: Theory and Practice*, May, 407- 426.
- Marlow, S and Patton, D. (2005). “All Credit to Men? Entrepreneurship, Finance and Gender”, *Entrepreneurship, Theory and Practice*, 29, 717-735
- Mayrhofer, W., Iellatchitch, A., Meyer, M., Steyrer, J., Schiffinger, M. and Strunk, G. (2004). “Going beyond the individual Some potential contributions from a career field and habitus perspective for global career research and practice”, *Journal of Management Development* 23(9), 870-884
- Mbwambo, A.H. (2005). “Strategies and Firm-Level Institutions in Small-Scale Enterprise Performance in Tanzania: The Case of Small-Scale Garment Manufacturing Firms”, Doctoral dissertation, University of Nairobi.
- McClelland, D.C. (1965). “Toward a theory of motive acquisition”, *The American Psychologist*, 20, 321 - 333.
- McClelland, D. C. and Winter, D. G. (1971). *Motivating economic achievement*. New York: The Free Press.
- McClelland, K. (1990). “Cumulative disadvantage among the highly ambitious”, *Sociology of Education*, 63, 102–121
- Mead, D.C. and Liedholm, C. (1998). “The Dynamics of Micro and Small Enterprises in Developing Countries”, *World Development*, 26, 61-74.
- Meisenberg, G., Lawless, E., Lambert, E., and Newton, A. (2006). “ The social ecology of intelligence on a Caribbean island”, *Mankind Quarterly*, 46, 395–433
- Meisenberg, G. and Williams, A. (2008). “Are acquiescent and extreme response styles related to low intelligence and education?” *Personality and Individual Differences*, 44, 1539–1550
- Mickelson, R. A. (2003). “Gender, Bourdieu, and the Anomaly of Women’s Achievement Redux” *Sociology of Education* 76(4), 373-376.
- Miles, M.B. and Huberman, A.M. (1984). *Qualitative Data Analysis: A Sourcebook of New Methods*. Newbury Park, CA: Sage Publications.

- Miller, D. E., and Kunce, J. T. (1973). "Prediction and statistical overkill revisited", *Measurement and Evaluation in Guidance*, 6(3), 157-163
- Mills, M. and Voerman, J.A. (1997). "Female and Male Entrepreneurs in Sweden and Netherlands: A test of Liberal and Social Feminism", *SOM Research Report*, University of Groningen
- Mitton, D.G. (1989). "The complete entrepreneur", *Entrepreneurship: Theory and Practice*, 13, 9-19.
- Moi, T. (1991). "Appropriating Bourdieu: Feminist Theory and P. Bourdieu's Sociology of Culture", *New Literary History*, 22(4), 1017-1049
- Moore, S.F. and Puritt, P. (1977). *The Chagga and Meru of Tanzania*. London: International African Institute.
- Morgan, D.L. (1998). "Practical Strategies for Combining Qualitative and Quantitative Methods: Applications to Health Research", *Qualitative Health Research*, 8(3), 362-376
- Morris, M. H., Miyasaki, N., Watters, C., and Coombes, S (2006). "The Dilemma of Growth: Understanding Size Choices of Women Entrepreneurs", *Journal of Small Business Management*, 44(2), 221- 244
- Muller, S.L. and Thomas, A.S. (2001). "Culture and Entrepreneurial Potential: a nine Country study of Locus of Control and Innovativeness", *Journal of Business Venturing*, 16(1), 51-75
- Narayan, D. and Pritchett, L. (1999). "Cents and Sociability: Household Income and Social Capital in Rural Tanzania", *Economic Development and Cultural Change* 47(4), 871-897
- Nchimbi, M.I. (2002). "Gender and entrepreneurship in Tanzania: A comparative analysis of male-female's start-up motivation, individual characteristics and perceptions of business success", Doctoral dissertation, University of Dar es Salaam.
- Nesbit, T. (2006). "What's the Matter with Social Class?", *Adult Education Quarterly*, 56(3), 171-187.
- North, D.C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge, UK: Cambridge University Press.

- O'Brien, V. (1998). *Success on our own terms: Tales of extraordinary, ordinary business women*. New York: Wiley.
- OECD, (1998). *Fostering Entrepreneurship*, Paris: OECD
- Okoko, K.A. (1987). *Socialism and self-reliance in Tanzania*. London: KPI
- Olomi, D. R. (2001). "Entrepreneurial Motivation in a Developing Country Context: Incidence, Antecedents and Consequences of Growth-Seeking Behavior among Tanzanian Owner-Managers", Doctoral dissertation, University of Dar Es Salaam.
- O'Leary, Z. (2004). *The essential guide to doing research*. London: Sage Publications
- Olutayo, O.A. (1999). "The Ibo Entrepreneur in the Political Economy of Nigeria", *African Study Monographs*, 20(3), 147-174
- Orser, B. J., Hogarth-Scott, S. and Wright, P. (1998). "On the growth of small enterprises: the role of intentions, gender and experience". In *Frontier of entrepreneurship research*, Wellesley, MA: Babson College, 366-380
- Pallant, J. (2005). *SPSS Survival Manual: A step by step guide to data analysis using SPSS for Windows (Version 12)*. Sydney: Allen and Unwin.
- Palmer, M. (1971). "The application of psychological testing to entrepreneurial potential", *California Management Review*, 13, 32-38.
- Penrose, E.T. (1959). *The Theory of the Growth of the Firm*. New York: Oxford University Press.
- Peteraf, M.A. (1993). "The cornerstones of competitive advantage: a resource-based view", *Strategic Management Journal*, 14(2), 179-191.
- Polkinghorne, D. E. (2004). *Practice and the human sciences: The case for a judgment-based practice of care*. New York: SUNY Press.
- Portes, A. (1998). "Social Capital: Its Origins and Applications in Modern Sociology", *Annual Review of Sociology*, 24, 1-24
- Prodan, I. (2007). "Technological Entrepreneurship: Technology Transfer from Academia to New Firms", Doctoral Dissertation, University of Ljubljana

- Putnam, R. D. (1995). "Bowling Alone: America's Declining Social Capital", *Journal of Democracy*, 6(1), 65–78
- Quaglia, R.J. and Cobb, C.D. (1999). "Toward a Theory of Student Aspirations", *Journal of research in rural Education*, 12(3), 127-132
- Rauch, A. and Frese, M. (2000). "Psychological approaches to entrepreneurial success. A general model and an overview of findings". In Cooper, C.L. and Robertson, I.T. (Eds.). *International Review of Industrial and Organizational Psychology*, Chichester, UK: Wiley, 101-142.
- Reay, D. (1995). "'They Employ Cleaners to Do That': Habitus in the Primary Classroom", *British Journal of Sociology of Education*, 16(3), 353-371.
- _____ (1997). "Feminist theory, habitus, and social class: disrupting notions of classlessness", *Women's Studies International Forum*, 20(2), 225–233.
- Renzulli, L.A., Aldrich, H.E. and Moody, J. (2000). "Family Matters: Gender, networks, and entrepreneurial outcomes", *Social Forces*, 79(2), 523-546.
- Ringle, C.M., Wende, S. and Will, A. (2006). *SmartPLS (Version 2.0 (M3))*. Hamburg, Germany: University of Hamburg.
- Ripsas, S. (1998). "Towards an Interdisciplinary Theory of Entrepreneurship" *Small Business Economics*, 10(2), 103–115
- Robinson, P.B., Stimpson, D.V., Huefner, J.C. and Hunt, H.K. (1991). "An attitude approach to the prediction of entrepreneurship", *Entrepreneurship: Theory and Practice*, 15, 13-31.
- Rodríguez, A. C., Molina M.A. A. L. González Pérez, A.L. and Hernández, U.M. (2003). "Size, Age and Activity Sector on the Growth of the Small and Medium Firm Size", *Small Business Economics*, 21, 289 – 307.
- Rosa, P., Carter, S., and Hamilton, D. (1996). "Gender as a Determinant of Small Business Performance: Insights from a British Study". *Small Business Economics*, 8(6), 463-478

- Rothwell, R. (1989). "Small Firms, Innovation and Industrial Change". *Small Business Economics*, 1(1), 51-64
- Rotter, J. B. (1966). "Generalized expectancies for internal versus external control of reinforcement", *Psychological Monographs*, 80(609), 1-28.
- Rutashobya, L. (1995). "Women Entrepreneurship in Tanzania: Entry and Performance Barriers", A research report submitted to OSSREA, Addis Ababa
- Sarachek, B. (1978). "American Entrepreneurs and the Horatio Alger Myth", *Journal of Economic History*, 38,439-456
- Scherer, R.F., Adams, J.S., Carley, S.S and Wiebe, F.A. (1989). Role model performance effects on the development of entrepreneurial career preferences. *Entrepreneurship: Theory and Practice*, 13 (3), 53-71.
- Scholl, R.W. (1981). "Differentiating Organizational Commitment from Expectancy a Motivating force", *Academy of Management Review*, 6(4), 589-599.
- Schooler, C. and Schoenbach, C. (1994). "Social Class, Occupational Status, Occupational Self-Direction, and Job Income: A Cross-National Examination", *Sociological Forum*, 9(3),431-458
- Schumpeter, J. (1934). *The Theory of Economic Development. An inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*. Cambridge, MA: Harvard University Press.
- Sexton, D. L. and Bowman-Upton, N. (1990). "Female and male entrepreneurs: Psychological characteristics and their role in gender-related discrimination", *Journal of Business Venturing*, 5(1), 29-36
- Shepherd, D.A. and Kreuger, N.F. (2002). "An intentions-based model of entrepreneurial teams' social cognitions", *Entrepreneurship: Theory and Practice*, Winter, 1167-186.
- Shilling, C. (2004), "Physical capital and situated action: a new direction for corporeal sociology", *British Journal of Sociology of Education*, 25(4), 473-487.
- Shivji, G. (1976). *Class Struggles in Tanzania*. London: Heinemann

- Shrout, P. E., and Bolger, N. (2002). "Mediation in experimental and non-experimental studies: New procedures and recommendations", *Psychological Methods*, 7, 422–445.
- Simon, H.A. (1955). "A Behavioral Model of Rational Choice", *The Quarterly Journal of Economics*, 69(1), 99-118.
- Singh, R, Hills, G.E., Hybels, R.C, Lumpkin, G.T. (1999) "Opportunity recognition through Social Network Characteristics of Entrepreneurs", *Frontiers of Entrepreneurship Research*, Wellesley, MA: Babson College, 228-241.
- Singh, S. P., Reynolds, S. M., and Muhammad, S. (2001). "A Gender-Based Performance Analysis of Micro and Small Enterprises in Java, Indonesia", *Journal of Small Business Management*, 39(2), 174 – 182
- Stahl, K.M. (1969). "The Chagga", In Gulliver, P.H. (Ed). *Tradition and Transition in East Africa: Studies of tribal element in the modern era*, California: University California Press, 209-222.
- Stevenson, L. and St-Lounge, A. (2005). *Support for Growth-Oriented Women Entrepreneurs in Tanzania*. Geneva: ILO
- Storey, D. (1994). *Understanding the Small Business Sector*, London: Routledge
- Stuart, R.W. and Abetti, P.A. (1990). "Impact of entrepreneurial and management experience on early performance", *Journal of Business Venturing*, 5(3), 151-162
- Timmons, J. A., Smollen, L. E. and Dingee, A. L. M. (1985). *New venture creation*. Homewood, IL: Irvine.
- Tominc, P., and M. Rebernik. (2006). "Growth aspirations of Slovenian entrepreneurs - a gender differences perspective". *Management (Split)*, 11(1), 37-52.
- Trevisan, I. (1997). "Universality or Specificity of Entrepreneurial Factors: A Report from a Cross-Cultural Study", *Makerere Business Journal Publications*, 4(12), 179- 194
- Tuck, P. and Hamilton, R.T. (1993). "Intra-industry size differences in founder-controlled firms", *International Small Business Journal*, 12(1), 12-21

- UDEEC (2002). *Jobs, gender and small enterprises in Africa: Women Entrepreneurs in Tanzania: Preliminary report*, Geneva: ILO
- Uhlaner, L., Ulijn, J., Jenniskens, I. and Groen, A. (2011). “Social, cultural and human capital in European SMEs: an introduction”, *Int. J. Entrepreneurship and Small Business*, 14 (1), 1–12.
- Ulijn, J., Aaltio, I., Guerra, G. and Uhlaner, L. (2011). “Cooperation and teamwork in technology start-ups: reflected in some Italian, British, Dutch and German findings”, *Int. J. Entrepreneurship and Small Business*, 14 (1), 100–126.
- United Republic of Tanzania (2002a). *Population and Housing Census 2002*.
- _____ (2002b). *Small and Medium Enterprise Development Policy 2002*.
- _____ (2006). *Integrated Labour Force Survey 2006*.
- _____ (2007a). *Household Budget Survey 2007*.
- _____ (2007b). *Business Survey 2007*.
- Uzzi, B. (1996). “The Sources and Consequences of Embeddedness for the Economic Performance of Organizations: The Network Effect”. *American Sociological Review*. 61(4): 674-698.
- Verheul, I. (2005). “Is There a (Fe)Male Approach? Understanding Gender Differences in Entrepreneurship”, Doctoral dissertation, Erasmus Research Institute of Management
- Verheul, I., Risseuw, P.A. and G. Bartelse, (2002). “Gender differences in strategy and human resource management: the case of the Dutch real estate brokerage”, *International Small Business Journal*, 20(4), 439-471.
- Verheul, I. and Thurik, R. (2001). “Start-up capital: Does gender matter?” *Small Business Economics*, 16(4), 329-345
- Vroom, V. (1964). *Work and Motivation*. New York: Willey.
- Wagner, J. (1992). Firm Size, Firm Growth, and Persistence of Chance: Testing Gibrat’s law with Establishment Data from Lower Saxony, 1978 – 1989”, *Small Business Economics*, 4, 125 -131

- Wangwe, S (2004). *Innovation in Rural Finance in Tanzania*. A Paper presented at the third Annual Conference on Microfinance held on 15th to 17th March, 2004 in Arusha, Tanzania.
- Warner, W. L., Meeker, M. and Eells, K. (1949). *Social Class in America*. Chicago: Science Research Associates.
- Watson, J. and Robinson, S. (2003). "Adjusting for Risk in Comparing the Performances of Male and Female Controlled SMEs", *Journal of Business Venturing*, 18, 773–788
- Webb, J., Schirato, T. and Danaher, G. (2002). *Understanding Bourdieu*, London: Sage Publications.
- Weber, M. (1968). *Economy and society: An outline of interpretive sociology*. New York: Bedminster Press.
- Welter, F. (2001). "Who wants to grow? Growth intentions and growth profiles of nascent entrepreneurs in Germany". In *Frontiers of Entrepreneurship Research*, Wellesley, MA: Babson College, 91-100
- Wernerfelt, B. (1984), "A resource-based view of the firm", *Strategic Management Journal*, Vol. 5(2), 171-180.
- White, K.R. (1982). "The relation between socioeconomic status and academic achievement", *Psychological Bulletin*, 91(3), 461-481
- Whiteley, P.F. (2000). "Economic Growth and Social Capital", *Political studies*, 48, 443-466
- Wijbenga, F.H. (2004). "Strategy and performance of venture capital-backed SMEs -Entrepreneurial locus of control and the role and influence of the venture capitalist", Doctoral Dissertation, University of Groningen.
- Wiklund, J., Davidsson, P., and Delmar, F. (2003). "What do they think and feel about Growth? An Expectancy-Value Approach to Small Business Managers' Attitudes Toward Growth", *Entrepreneurship: Theory and Practice*, 27(Spring), 247 -269.
- Wiklund, J. and Shepherd, D.A. (2003). "Aspiring for, and achieving growth: the moderating role of resources and opportunities", *Journal of Management Studies*, 40(8), 1911 – 1941

- Wilson, F., Carter, S., Tagg, S., Shaw, E. and Lam, W. (2007). "Bank Loan Officers' Perceptions of Business Owners: The role of Gender", *British Journal of Management*, 18, 154-171.
- Wold, H. (1982). "Soft modeling: the basic design and some extensions". In K. G. Jöreskog and H. Wold (Eds.), *Systems Under Indirect Observation: Causality, Structure, Prediction*. Amsterdam: North-Holland, 1-54
- Wolff, J., and Pett, T. (2006). "Modelling the Role of Product and Process Improvements", *Journal of Small Business Management*, 44(2), 268–284.
- Yin, R. M. (1993). *Case Study Research: Design and Methods*. London: Sage Publications.
- You, Jong-II. (1995). "Small Firms in Economic Theory," *Cambridge Journal of Economics*, 19, 441-462
- Zhao, L. and Aram, J.D. (1995): "Networking and growth of young technology-intensive ventures in China", *Journal of Business Venturing*, Vol. 10(5), 349-370

Appendixes

Appendix A: Interview guide for Owner-Managers

1. Entrepreneur's Personal Information and Background experiences

- Age_____
- Sex_____
- Marital Status_____
- Number of Children_____
- Ethnic Origin_____
- Any experiences in relation traditional norms, and rules, that might have affected entrepreneur's life today positively or negatively
- Socio-economic status of her/his parents – education level and occupations
- Social environment in which she/he has grown – village or town
- Number of brothers and sisters she/he has and their education level and their occupations
- Entrepreneur's education level
- Any specific skills she/he has
- Any experiences in schools she/he attended – success and failures
- Type of schools she/he attended
- What was your work aspiration when you were primary school or secondary school?
- Have you achieved your aspiration? And if not, why?
- Can you tell us about your previous work experiences – if you were employed or self-employed? Success or failures
- Any previous management experiences
- Do you still have contacts with your friends whom you went to school together? What are they doing now?
- What kind of support do you get from your friends or family members?
- Are you member of any organizations?
- If yes, which organizations and what benefits do you get by networking with these organizations?
- If not, why?

2. Business information

- Type of Business
- Can you tell how did you start this business? When was that?
- Who facilitated the set-up and how?
- What was the primary reason for starting this business?
- How did it become formal? How has formalization contributed to your business?

- Is it your own business or family business or partnership?
- Number of employees at start-up and now
- Do you own other businesses than this? How many?
- Where do you buy your products?

3. Financing the Business

- How did you finance your business when you started?
- How do you finance it now?
- What was the size of your start-up capital? How much is it now?
- Any experiences in getting financial capital from financial institutions

4. Performance/Growth

- Do you think your business has grown since you started? If yes, how - in terms of sales, profit, number of employees or being able to support your family, etc? And If not, why – reasons that have contributed that your business has not grown?
- Can you identify specific benefits that you have derived from this business since it was started?
- Are there any changes in business (both negative and positive) that have taken place since the business started
- Were there any changes (positive) that were deliberately sought before they occurred?
- Whether the owner had a conscious strategy for achieving a specific target in a specific period

5. Challenges

- Challenges that the business has faced (internal and external)
- How have the challenges affected the business and the owner?
- How have the challenges been managed?
- Any challenge associated with being a woman
- Any challenges associated with being married woman
- Any advantages in business from being a woman

6. Future Aspirations

- Future growth aspirations for the business , and reasons for specific aspirations
- Any specific strategies in achieving specific growth aspirations

Appendix B: Questionnaire

Profile of entrepreneur

1. Sex: 1= Female 2= Male
2. How old are you? (Specify number of years) _____
- 3a) What is your marital status now? (Choose only one)
 1 = Married 2 = Widowed 3 = Separated/divorced 4 = Single
- 3b) What was your marital status when you started this business? (choose only one)
 1 = Married 2 = Widowed 3 = Separated/divorced 4 = Single
- 4a) How many children do you have? _____
- 4b) How many of these children are still depending on you? _____
- 4c) How many relatives do live in your household and depend on you for their basic needs? _____

Cultural capital

- 5) What is your education level? (Choose one)
 1= None, 2= Primary, 3= Secondary, 4= College, 5= University
- 6) Where did you live when you were in primary school?
 1= in a District town, 2= in a Regional town/city, 3= in a village
- 7) Before you started this business, what were you doing?
 1= firm owner, 2= farmer, 3= housewife, 4= student, 5= employed as _____
- 8) For how long were you working? Years _____
- 9) Are you still employed? 1= Yes, 2= No
- 10) If you quitted your job, what were the reasons for quitting? (Choose one)
 1= I wanted to do something for myself, 2= I was not satisfied with my job, 3= I was retrenched 4= I retired 5= It was only part-time/temporary job, 6= Others _____
- 11) Have you been a leader in your previous work? 1=Yes 2= No
- 12) What is your ethnic origin? _____
- 13) Religion: 1= Christian (your denomination _____, 2= Moslem, 3= others _____
- 14) What is the level of education did your father have?
 1= None, 2= Primary, 3= Secondary, 4= College, 5= University
- 15) What is the level of education did your mother have?
 1= None, 2= Primary, 3= Secondary, 4= College, 5= University
- 16) When you were young, what was your father's occupation?
 1= a peasant, 2= farmer and petty trader, 3= Business person, 4= employed as _____
- 17) When you were young, what was your mother's occupation?
 1= a peasant, 2 = farmer and petty trader, 3= Business person, 4 = employed as _____
- 18) Before you started this business, was anybody in your family or any close friend of yours) a small business owner? 1= Yes, my parents, 2= Relatives, 3= Yes, close friends 3= No, nobody

- 19) If your parents were business owners, at which age did you start involving in the family business?_____
- 20) How did you learn the skills of doing business?
1= Apprenticeship, **2=** learnt from my parents, **3=** learnt from other business owners, **3**
= develop it myself

Social Capital

- 21) Which of the following associations, you are member of? (Please tick all concerned)
1= burial/tribal society, **2=** Women's group, **3=** Church/Mosque, **4=** Political party
 (please indicate which one)_____, **6=** Others
 (mention)_____
- 22) In which way you benefited from being a member of the associations? (Tick all concerned)
1= by getting loan information, **2=** by getting market information, **3=** by getting
 suppliers' information, **4=** by learning how to manage the business, **5=** Others (mention)

- 23) Are you aware and a member of the following business organizations? (Circle one answer)

Organization	Aware		Member	
	Yes	No	Yes	No
1.Tanzania Federation of Women Entrepreneurs (FAWETA)				
2. Tanzania Food Processors Association (TAFOPA)				
3. Viwanda na Biashara Ndogondogo (VIBINDO)				
4. Tanzania Chamber of Commerce				
5. Other: Specify				

- 24) If yes, how have you benefited from being a member of the organizations? (tick all concerned) **1=** by getting loan information, **2=** by getting market information, **3=** by getting suppliers' information, **4=** by learning how to manage the business, **5=** Others (mention)

Financial Capital

- 25) Which of the following was your source of start-up capital? Choose one
1= Own savings, **2=** Loan from friends, **3=** Assistance from my family, **4=** Trade credit, **5=** UPATU
- 26) On average, what was the size of your capital when you started this business (including cash, _____ equipment and working capital in Tanzania shillings)? _____
- 27) On average, how much was the size of the capital in year 2004?

- 28) What is the size of your capital in 2009?

- 29) Have you ever tried to access a loan from either a bank, or an MFI or ? **1=Yes, 2=No**
- 30) If so, were you successful? **1=Yes 2=No**
- 31) If yes, where did you acquire your loan? _____
- 32) How much was the largest amount of loan you obtained for the last five years?

- 33) If you tried to access a loan and you were not successful, what were the reasons?
1= high interest rate, **2=** lack of collateral, **3=** cumbersome procedures, **4=** inability to write business plan
- 34) (Question for female respondents): Do you think, for being a woman it is more difficult for you to get a loan? **1= Yes, 2= No**
- 35) _____ If _____ Yes, _____ please _____ explain how _____

Entrepreneurial Habitus

A. Aspirations

- 36).Do you agree with following statements? (Use **5** if strongly agree; **4** = agree; **3** = neutral, **2** = disagree, and **1** if strongly disagree)
1. Do you expect this business to grow to a larger organization, employing at least 50 people
 2. I have the capability to develop this business to a large organization, employing over 50 people
 3. I have high ambition in my business
 4. I want to be a successful person
 5. I want to build something that will be recognized publicly

B. Perceptions

- 37) How do you perceive the following challenges? Use **5** if it is the most critical challenge, **4** = a critical challenge, **3** = Neutral, **2** = not critical challenge, and **1** = not a challenge at all
1. Do you perceive lack of business management skills as a challenge to you?
 2. Is the stiff competition a challenge to your business?
 3. Do you perceive lack of financial capital a challenge to your business?
 4. Does finding a good business location pose a challenge to you?

C. Actions

- 38) Do you agree with following statements?(Use **5** if strongly agree; **4** = agree; **3** = neutral, **2** = disagree, and **1** if strongly disagree)
1. I have learned that in situations of conflict I am better able to resolve any conflict quickly
 2. My past experience has given me an ability to motivate others in driving my company to improve its performance
 3. My business experience has helped me to be more innovative/creative in my work

4. I am always able to find a way out when I encounter difficulties to obtain financial capital

Work Aspirations

- 39) What was your work aspiration when you were young at the age of 15 years?
1= firm owner, 2= farmer, 3= to be employed as _____,
- 40) Do you think, you have achieved your work aspiration? 1= Yes 2= No
- 41) If not, please explain, what were the reasons?

- 42) What was your aspiration when you were starting this business?

Business size Growth

- 43) Do you think your business has grown since you started? 1= Yes 2= No
- 44) Are you satisfied with current performance you have achieved? (Choose one)
1 = very unsatisfied, 2= not satisfied, 3= Neutral, 4= satisfied, and 5 = very satisfied
- 45) How much was your sales revenue on average per month in year 2004?
Tshs. _____
- 46) How much was your sales revenue on average per month in year 2008? Tshs.

- 49) How many employees does the firm have today? _____
- 50) How many employees were there when in 2004? _____

Business Information

- 51) When did you start your business? Year _____
- 52) Is this business registered? 1= Yes, Year _____ 2= No
- 53) Legal status currently: 1= Informal business, 2= Sole proprietorship, 2= Partnership,
- 54) Legal status when business started: 1= Informal business, 2= Sole proprietorship, 2= Partnership,
- 55) For how many years have you been working in the business? Years _____
- 56). Business Location: 1. Region _____ 2. District _____

Appendix C: Cases

Case 1: AEI

Persona information and History

AEI is a male entrepreneur who is engaging in retailing business in Morogoro town, selling car tyres. AEI is a primary school leaver, and is 40 years old. He is married, having five children, who are still depending on him. He also lives with two relatives, who are depending on him for their basic needs.

AEI is from Kilimanjaro region, and is Pare by a tribe. Regarding his parents' education level, his father attained a form four education, while his mother went up to form-six level. In terms of their occupations, his father was a businessperson who owned a photo studio, and his mother was employed in an organization. In his family, they were three children: two brothers and one sister. His brother is a university graduate, and is being employed; his sister reached form four, but she is not employed.

We asked AEI about job aspiration when he was still young; AEI said that, he does not remember in which area he wanted to work. However, after primary education he did not perform well in examinations for him to continue with secondary education, instead of he joined an auto- garage, where he received on- job training on how to service and repair cars. After that, he was able to get job in one of the auto garages, and he worked for 5 years in the garage. Further, he also worked as driver for four years, before he decided to start his own business.

Business Information

AEI started engaging in businesses in 1994. He started with transport service business, in which he owned truck cars. The business was performing well and in 2003, he decided to start a retailing business, selling car tyres. In the same year, the business was registered. Therefore, currently he is having two businesses, which are supporting each other. He has two employees in the retail shop, and has three drivers for the trucks.

AEI started his retail business with financial capital of less than TZS 500,000⁵¹ (≈USD 410). The start-up capital was from his savings, since he was working. AEI has been financing his businesses by using the profits. When asked if he ever tried to get a loan, the answer was yes. However, he did not succeed to get the loan. He wanted the loan to buy a truck for his transport service business. However, instead of being given the money he wanted, the bank would buy the truck for him. The reason for not succeeding is that there were so many requirements to be met before he gets the truck. He was supposed to have a business plan, which it was very expensive to hire a business consultant to prepare it. He was also supposed to buy a comprehensive insurance for the truck. In addition to that, he was supposed to pay interest rate annually, which he thinks it was very high. Therefore, he never returned the forms back to the bank.

Networking

⁵¹ US \$ 1 was equivalent to TZS 1,219 as of 9th October 2008 (www.crdbank.com)

In terms of relationship with other organizations, AEI says that he is not a member of any organization. He finds such relationships not important because even without them he is performing well. However, he has good relationship with his suppliers. Suppliers have been of great help when he needed tyres, but he did not have cash.

Business Performance and Growth

Regarding business performance, AEI has said that the business is performing well. The working capital has increased up to more than TZS 250,000,000. In terms of profits, AEI said that in 2005, he was able to get TZS 7,000,000; while in 2007, he got TZS 67,000,000.

AEI said that the key success factor in his business was less competition in the industry. When he started the retail-store selling car tyres in Morogoro town, there were only Asian businessmen in this type of business. Therefore, when he started he was able to capture local Tanzanian customers in the town. Another factor for growth is having permanent customers. He has been able to develop long relationship with his customers, who always come back. In addition to that, he has good relationship with his suppliers, who help him to buy products on credit, if he does not have cash.

Apart from that success, AEI has been able to support his family comfortably in basic needs. Children are studying in private schools. He has also built a good house for the family, and has a family car. When he started his retail business, he was renting the building for the business. However, he has been able to buy a plot and build the store. Buying a plot in a commercial area is very expensive; therefore, this also indicates that the business is performing well.

Challenges

In relation to challenges and problems, AEI said that, getting faithful workers that he can trust is not easy. Some workers steal the sales for a day and disappear. He has been also complaining about taxes; that, the taxes he is paying are too high.

Case 2: SMA

Personal information and History

SMA is an entrepreneur who is 31 years old, engaging retailing business, selling diversity household items. He is a married man, with two Small children. In addition to that, SMA is also living with three relatives, who are also depending on him for their basic needs.

SMA is from Kilimanjaro region, and is Pare by a tribe. He has been brought up in a Christian family. His father was a civil engineer, and worked in government organization for several years. However, SMA said that his father hated very much to be employed. Therefore, one day when he was supposed to be transferred to another region, he

decided to quit the job, and decided to be a farmer. His mother had only primary school education, and was engaging in Small businesses, selling food items.

In their family, there are five children: three brothers and two sisters. SMA is the first born in the family. His education level is a secondary education up to form-six level. SMA wanted to achieve bachelor degree in marketing, however he could not continue to University, as he did not have enough credits to secure government sponsorship, and his parents could not pay for him. SMA said that, he has not changed his ambition of joining the University. He is planning to join the University any time, to take a degree in marketing field, the knowledge that he will use in managing his businesses. He is not planning to be employed in other organizations.

Business Information

SMA started engaging in businesses since he was in secondary school. After finishing ordinary secondary school (form four), SMA wanted start a small business, but he did not have a start-up capital. Therefore, he looked for a job, and got a daily paid job in a road Construction Company. After a while, he had enough money to start the business he wanted. He started a business of buying coconuts from one region, and transferred it to another. He did this business for six months, while waiting for the form four examination results. After the results were out, he was selected to join high school, therefore he had to close down the business he was doing. He used the money from the business to buy the needed items for the school and to pay school fees.

After finishing high school, he continued doing businesses. This time, he had started a different business – swine keeping project. The business was performing well, but there were so many risks in the business. Therefore, in 2001 he decided to start a retail shop in Morogoro town. He started with a capital of TZS 70,000, which was the capital from the previous business. In 2004, he partnered with another young man in the business. They started with the capital of TZS 10,000,000, which it was their savings and a loan from friends. This business was formally registered in the same year.

Business Performance and Growth

In terms of business performance and growth, SMA said that, the business has grown very well. They have been able to open other two retail stores in the same town. They started with a capital of TZS 10,000,000 in 2004, but in 2007, the working capital for the business was TZS 250,000,000. In financing their businesses, they have taken a loan once from a credit union (i.e. SACCOS- saving and credit co-operative society) of TZS 20,000,000.

Regarding the profits, SMA said that, in all of the three stores in town, on average in 2005 they were able to make the profit of TZS 48,000,000, while in 2007 they were able to make the profit of approximate TZS 72,000,000.

When they started in 2004, they had only two employees, but currently they have twelve employees, in all of the three stores.

We asked SMA, “What is the key success factor in your business?” SMA said that, *“First of all, God has helped us. Secondly, it is commitment and willingness to take risk. We are committed in this business, and we have been buying many products, without knowing whether customers will like it or not. However, I always buy the products that I like myself, believing that my customers will like them*

too. Fortunately, things have gone well so far. Thirdly, we learnt from other businesspeople by travelling around to see how they operate. After seeing what others are doing, we decided not copy, but to do things in a different way. Our stores are unique in the way the products are arranged in the store, and we have almost all household items in our stores. Therefore, customers can buy a lot from us without using much time of going around from other stores”.

Apart from that, SMA and his business partner have travelled to other countries, and they have learnt different things that they have implemented in their stores.

SMA said that, they have also convincing power to make customers buy their products. He said that, *“Any customer who comes to our stores, even if it was just for window shopping, he will have to buy something. Not because we force him/her, but because our employees have the ability to convince customers in terms of benefits they will get if they will buy the products”.*

Although, hard work and commitment is needed, but SMA said that, he is doing the business with passion. He loves it very much, and he does not think if he will ever been employed by anybody.

Networking

Regarding social capital, SMA is not a member of any business organization. He is a member of a church, in which he gets some moral support from friends. Apart from that, SMA also is a member of a saving and credit co-operative society (SACCOS), in which he has benefited by taking a loan for increasing working capital.

Future Plans

We asked SMA about his future plans; SMA said that, although their business has grown, they are not yet satisfied with the performance. They are planning to expand the business to be as five times big as the current one in five years to come. SMA said that, *“the only main challenge is capital. Otherwise, we are planning big things in future.”*

We ask SMA, *“How are they planning to achieve that goal?”* SMA said that, *“with the performance we have achieved so far, we are sure that in five years’ time we will achieve that goal. However, we are planning to take a loan from the SACCOS to increase our working capital”.*

Challenges

SMA mentioned the main challenge currently is the capital. He said that, it is not easy to get big loans from banks, as it needs collateral of high value, like a house, which I do not have yet.

Case 3: SHA

Personal information and History

SHA is a CEO and Managing Director of a Company that is engaging in printing and graphics designing of posters, books, brochures, handbills, reports, cards, and newsletter.

The business is located in Dar es Salaam city. SHA is married and has two children, who are still in primary school.

SHA was born in Singida region, in 1968 in a family of six children. He is the fifth among the children. His father was a secondary teacher, and also was a farmer. Her mother was not employed, but she used to do small businesses. SHA has a Master's degree in Business Management, which he acquired it from the United Kingdom in 1997. While he was in the UK, he joined designers club, in which he was able to acquire knowledge in printing and graphics design.

Regarding social lifestyle they had in SHA family when he was young; SHA said that their family was considered to be of middle class. His father was a teacher and a farmer. He had a tractor, which he used it in farming activities, but also he had a car (Land cruiser type), which was used for family purposes. Therefore, in the place where they lived, this family was considered to be of a middle class. This is how SHA had to say, "In general, our father had money, since he had a tractor and a land cruiser. However, our father taught us not to depend on his wealthy. He put more emphasis on education, so that everyone could have knowledge and skills that would help her/him to be independent." In his family, all six children have been educated above secondary education, and almost everyone is employed by other organizations.

Business Information

After finishing his Master's degree, SHA wanted so much to do something using the new knowledge of graphics design. However he did not have any capital to start this kind of business (printing and graphic design), but he had only knowledge and skills. Therefore, he shared his ideas with the potential customers. He started with church pastors, that he could do printing of church posters and bulletins. The pastors trusted him, since he was also a Christian, and paid him some money in advance, that he could use the money to do job. SHA used the money to hire a computer and do all the design of posters, then he would outsource the printing of posters and bulletins. After the printing, he would get the remaining payments from the client, and pay all the costs of printing, and he would also get some margin. That is how he started his business of printing and graphics design. With that trend, SHA was able to save the money, which he started buying the machines and equipments needed to run printing and designing business. He has never taken a loan to increase the working capital for business. Today, SHA is the owner of the business with the capital of TZS 400,000,000. The business has 16 employees: three designers, five employees who are responsible for printing, three runners (i.e. responsible for all logistics), one driver, four people who are responsible for binding, one storekeeper and one person who is responsible for cutting. He is planning to employ more people, as he is planning expansion of the business in the future.

SHA started this business in 1997 as an informal business; however, the business was officially registered in 2000. He started printing church posters, but now he can print books, brochures, handbills, reports, cards, newsletter etc.

Although this business is the first official business to be owned by SHA, he has as a very long business experience. When he was in primary school, he was helping his mother to do small businesses. Her mother used to cook some bites, and SHA used to help her in selling them. When he was in secondary school, during holidays he used also to do

businesses. He used to buy some kind of materials, which he used to sew kind of bags and sell to other people. After finishing form six, he started engaging in another business of buying maize in villages and sold them in towns. This kind of business required him to have a large capital, which he did not have by that time. Therefore, he decided to start cultivating vegetables (spinach), which he managed to make good money in this business. After some time, he had enough money to start the business he wanted to do. With the money he got, he started buying produce in villages and sells them in towns. That business was very good; he even did not like to join the University. By using the profit from the business, he managed to open a retail shop selling household items. However, his parents had to close down his retail shop and force him to join the University. He was even late to join the University for some weeks: However, he was registered and studied BA in Economics, Statistics and Computing.

I asked Mr. SHA, “What was his aspiration when he was young or what did he want to do in his life? SHA answered that, “I always asked myself these questions: why can’t I do it myself? What can I do to use my strength and my knowledge to do something in society? How can I get money from other people to my pocket using my knowledge? Therefore, when I got the opportunity, I used the chance to create out of my strength and my knowledge this kind of business. Actually, I tried to find a job somewhere, but I realized that I would not be happy, therefore I decided to start this business.”

Business Performance and Growth

Regarding business performance, the business is very successful since he started with zero financial capital, and now the business is worthy TZS 400,000,000. Apart from that, by using the profit from the business, he has been able to build two modern houses; he has two cars, one for his wife; he has also built a school, which they donated to a church as a nursery school. In addition to that, Mr. SHA uses most of the profit in church activities. This is what he said, “I am Christian, and I believe that my success comes from God. I decided that, I would give a certain discount to all church posters. Therefore, indirectly most of our profits go to church activities.”

Networking

Regarding networking SHA is not a member in any business organizations. However, SHA is a member of a church, in which he gets some moral support from friends they share same faith. In addition to that, he also mentioned about mentors, that he has always admired some successful people, and he wanted to be successful also.

Future Plans

We asked Mr. SHA about his future plans, and he said that, he is planning to expand this business, in terms of buying more printing machines that would produce better and good quality products. Apart from that, he is planning to build a three-storey building for his business. He is planning to start building in year 2010, and to be accomplished by 2013. So far, he has already the blueprint for the building. He is planning to use the building for three departments: printing activities, production activities, and training activities.

Regarding training activities, he is planning to start training people who are interested in graphic designs. Actually, he has trained all of his employees.

Challenges

His major challenge at the moment is delay in payment from his clients. He said that, sometimes the clients do not pay at the right time; therefore, they also cause him delay to pay his suppliers, something he does not like.

Case 4: JUM

Personal Information and History

JUM is a male entrepreneur based in Morogoro town. He is 34 years old, married with two children (6 and 8 years old). JUM was born in a family of eight (8) children in Kilimanjaro region. JUM's parents had primary education, were both small farmers and but they were also employed.

JUM studied up to form-four level, in which he could not continue with further studies, as his parents did not have enough money to pay for his education. We asked, in which area JUM wanted to work when he was studying. JUM does not remember, in which profession he wanted to be. Therefore, with only form-four education, JUM opted to engage in small businesses.

Business Information

JUM started doing small businesses in 1991, with a capital of TZS 80,000. He is engaging in selling food items in a market place (informal business). Since he started, he has been able to increase his working capital up to TZS 2,000,000. Actually, JUM said that, in terms of the size of the business, it has not changed much, but the capital size has been increased due to the increase of prices in different products. Therefore, he has to pay more to buy the same items he used to buy. Therefore, in general the business has not changed much, though the capital has increased.

In terms of financing, JUM has been able to finance his business by using profits from the business. He has not taken a loan from any bank or from any MFI.

Networking

In terms of social capital, apart from being a member of Muslim society, JUM is not a member of any organizations or any associations.

Future Plans

We asked JUM about future plans of his business. JUM answered, "If everything goes well with this business, I am planning to change it and start another business". We also asked JUM; "how will he change his business?" JUM did not have a clear answer on this question. There were no growth plans already known, and he does not aim very high in future. He seems to be satisfied with the performance he has achieved so far.

Challenges

The main challenge mentioned by JUM is scarce products from farmers. His business depends on farmers. He said that, due to changes of weather (less rainfall); sometimes it

is difficult to get the goods to sell. They have to travel very far in villages or in other regions to buy goods, which increases the costs.

Case 5: AMO

Personal Information and History

AMO is an entrepreneur based in Dar es Salaam, who is 30 years old. AMO was born in Morogoro region, in a family of six children. His parents were small farmers, having only primary education. In terms of education of children, they all managed to achieve only primary education. AMO is married and has one child.

AMO grew up in a village, and studied primary education in the same village. He moved to Dar es Salaam, when he was 18 years old in 1996. The purpose was to visit his uncle who was working in DSM as soldier. When he was in DSM, he got employment in a company, which was engaging in personal selling as salesperson. He worked for the company for six years, and in 2003, he decided to start his own business. The reason for quitting the job was that, he was not satisfied with payments.

Business Information

AMO started his business with a capital of TZS 100,000 in 2003. He has a retail store, selling food and household items. Currently, he buys the items worthy TZS 200,000 per week. AMO does not have any other source of income; therefore, the profit from the business is used mostly in family basic needs. In financing his business, he has been able to secure a loan from FINCA⁵². He started with a loan of TZS 100,000, and currently is having the loan of TZS 150,000.

Business Performance and Growth

In terms of business performance, AMO says that, through the profit he gets from the business, he has been able to support his family in basic needs and he has bought a sewing machine for his wife, and a bicycle for himself.

Networking and Social Capital

Apart from being a member of FINCA, AMO is not a member any other organization or association. However, his brothers are also engaging in doing Small businesses. Therefore, they are of help when he needs some advice.

Future Plans

Regarding future plans, AMO wishes if his business could grow and become medium-sized business. We asked AMO of any specific plans in achieving this goal. AMO answered that; “it is not easy to set a time period, because you are not sure of business

⁵² FINCA (Foundation for International Community Assistance) is a micro finance institution offering small loans to entrepreneurs

performance in a future. Therefore, if things go well, I will be able to expand my business”.

Therefore, we can see that AMO has wishes, but there are no specific strategies in achieving the goals. The most important purpose for starting his business was to meet the basic needs. Therefore, he does not have high growth motivation for his business.

Challenges

The main challenges for AMO, is inflation. In the past few months, prices for the items have increased twice; this makes setting new prices difficult, and it disturbs the sales and profits as well.

Case 6: MTA

Personal Information and History

MTA is 51 years old, born in Kilimanjaro region from Chagga tribe. She was married, having four children. However, she is now separated from her husband. MTA was the second born among eight children in her family. Her parents were peasant farmers. She studied up to standard seven, and she got a chance to join a secondary school. However, when she was in form-two, her mother got sick and her father had to take her out of school to take care of the sick mother in a hospital for six months. After that, she asked her father if he could pay for her to join a private secondary school, but he refused. With the help of her mother, she joined a training college that was offering bookkeeping, commerce and typing courses. She studied there for two years, and she got a certificate in bookkeeping and commerce. With that certificate, she was able to get a job in the National Insurance Company as an insurance officer, in which she worked for 20 years. During her employment period she was able to get supervisory position as head of life department. During the retrenchment process in 2001, she was retrenched. With the money she got as a compensation for retrenchment, she started a small business in the same year.

Business Information and Experience

MTA started a retail shop selling household items, together with second-hand clothes. She started with a capital of TZS 1,300,000. That business lasted for only one a half years, as her employee was not faithful. She was not making any good profit to sustain the business. Therefore, she decided to close down the shop for household items, and remained with second-hand clothes business. After a while, she decided to change the business completely. She started a small kiosk offering catering services. MTA found that this business was good; however, the place was too small. MTA wanted to expand her business; therefore, she decided to look for another area that she would expand. In 2004, she heard that a University in the town was outsourcing cafeteria services. She applied for it, and she was successful to get a building, in which she started offering catering services. It is the business, which she is currently doing.

MTA started catering business with a capital of TZS 900,000. This money was the capital and savings from the previous business she owned. She ran this business for one year in the building she was offered, however the business was not good as there were so

many competitors in the area. MTA had to think of strategies of how to win more customers in café. She applied for another building that she could renovate it to attract more customers. She succeeded to get another building which she invested almost 1,000,000 for renovation of the building, and bought some entertainment things, like a TV and a satellite dish. For the period of one year she had learned that, students need TV to watch football matches and other entertainment programs. She also discovered that, to get more customers, the cafeteria needs to be clean all the time, and customers needed variety of food. Therefore, she had to make sure that; everything that was needed by the customers was found in her cafeteria. A part from that, she also trained her employees to be customer friendly, and to make sure that new customers are treated very well so that they may come again, and bring their friends. In addition to that, MTA decided to buy modern equipment like rice cooker, microwave (that would help to offer hot meals all the time), blender (for making juice) and deep fryer for preparing French-fried potatoes. These modern equipments have helped her to improve her cafeteria, and attract more customers.

MTA has nine employees in her cafeteria. She has four departments in her cafeteria: for beverages, for Chips, for fruits, and for cooking. All the nine employees are divided into these four departments. Every morning each employee gets ingredients (capital) for what is going to prepare for that day. In the evening, they have to give the capital plus profit for the day to MTA. In every department, she takes some money for contingencies purpose. After paying all the costs (salaries for employees and herself, rent, bills), she is able to deposit at least TZS 50,000 per day as a profit. MTA said that, this profit is not for her personal use, but for the business purposes in case she wants to buy some utensils for the business or to expand the business. By using that savings, she has been able to buy a car, which she is using for business purposes, and for private use. Before she bought a car, MTA said that, she would spend TZS 10,000 per day for transport costs. However, by using her car, she can save half of the money she used to spend in the transport.

Business Performance and Growth

We asked MTA, if she thinks her business has grown successful. Mama MTA said that, “when I started engaging in businesses I had the following goals: that out of my business, I will be able to take care of my children (since I am separated from my husband) in terms of been able to pay school fees for them. Another goal was that, I would be able to take care of my parents in the village for their basic needs. Thirdly, I wanted that to build my own house. And fourthly, I wanted to have my own car”.

In general, MTA’s business is doing very well. Most of the goals she had described have been achieved. She has been able to educate her children. Three of them have finished schooling, and they are now employed, only one child is still in school. He is in form four this year, 2008. MTA said that, she has been able to take care of her parents of their basic needs. She has managed to get water and electricity in the house for her parents. Regarding building her house, MTA said that she has started building the house, and she believes that soon she will finish. In relation to buying the car, she has already bought

the car. Therefore, in general her business has grown in terms of achieving the goals that was set.

Apart from that, if we look in terms of financial capital invested since she started engaging in small businesses. We can see that, she started with the capital of TZS 1,300,000 in 2001, but now the capital is TZS 7,000,000. Therefore, she has been able to move from one stage (micro) to another stage (small business) of business size.

What is the key success factor in your business? We posed this question to MTA. MTA said that, *“I think it is the way I manage the business and my employees. I am very serious about the performance and quality of my services. I always do not entertain an employee if she does not work according to the standards I have set. As I told you earlier that, each employee is responsible for a particular work, and she/he has to make a certain amount of profit per day. Without this arrangement, each employee would be blaming her/his colleague for not achieving the goal set for the day.”*

Networking

In relation to networking MTA has contacts with some friends and family members, who have been of help during time of need or problems. Regarding membership in any organizations, MTA said that, she is a member of a SACCOS, which has been started by a church. She has not taken a loan yet from the SACCOS. However, she will take a loan she needs some money for expansion of her business.

Future Plans

MTA has two goals to achieve in future. The first one is the short-term goal, in which she is planning to start swine keeping business. In achieving this goal, she has already built a building where she would keep the swines. This business will be conducted in her plot where she is building her house. The long-term goal for MTA is to own a Hotel. She is planning to achieve this goal in five years to come. In preparation of achieving this goal, she invited some successful businessmen in Morogoro for lunch, so that they could share their experiences. They told MTA that, she needs to have a blueprint of what she wants to achieve, even though she does not have capital yet. They also said that, if MTA really wants to achieve a big success, she should not be satisfied within what she has achieved so far. Therefore, MTA was encouraged by these successful people, and she is determined to build the hotel in five years to come.

Challenges

Her major challenge at the moment is stiff competition in the catering services. However, she has managed to survive in the market by improving her services. Another challenge is unfaithful workers in her business. Sometimes, you may employ someone whom she/he is not faithful; she/he may steal the money and disappear. In coping with this challenge, MTA uses her relatives or friends to get the employees. After she gets them she trains them, and then she can decide to retain them or not to retain them depending on their understanding of their work.

Case 7: JUD

Personal Information

JUD is a female entrepreneur, who is 38 years old, based in Dar es Salaam. JUD is an owner of a retail business, selling clothes. JUD is a widow with two children, who are still depending on her. She grew up in town, and her parents were working and had above secondary education. JUD studied up to secondary school, but she could not continue with high school, as she did not perform well. When she was studying, she admired to be Airhostess. However, she was not able to achieve her expectations, as her mother did not like that professional.

Business Information

After secondary education, JUD got a job in a retail store (selling clothes) as salesperson. She worked in the store for 18 years, until her employer moved to the United States. JUD said that, when she was working there she managed to have few permanent customers whom she would call them whenever there were new products in the store. With that network, she was able to sell the products within very short period of time, the thing that made her employer to trust her very much. With that business experience of 18 years, JUD decided to start her business in 2004, in which she collaborated with her sister. By using their savings, they started the business (selling clothes) with a capital of TZS 5,000,000.

Business Performance and Growth

In general, the business is doing very well, as the capital has increased up to TZS 50,000,000. In addition to that, they have been able to start another business, which has capital of more than TZS 10,000,000. In financing the business, JUD and her sister have used the profits from the business. They have never taken a loan from any bank or MFIs. Apart from capital increase, by using the profits from the business, JUD has been able to educate her children in private schools and they are living a comfortable life.

Future plans

Her future ambitions, is to expand the current business. JUD said that, they are not satisfied with the performance they have achieved. Therefore, they were looking for a bigger place to hire so that they can shift from the place they are now. This is what is she said, *Ohh! yes I am very much satisfied with what I have achieved so far, but this is not all. Actually, we are looking for a bigger place for our store to rent ... As you can see here, this room is very small for us here....*

Through interviews, we were able to see her growth motivation, which is very high, and she has high determination in expanding her business.

Challenges

The main challenge for her business Jud said that is, competition from fake, poor quality products of cheap price from China. She says that, it takes time for customers to discover fake products, because the outside looking is the same as the genuine ones. They differ only in price. Therefore, for those customers who go for cheap price are easily taken by these fake products.

Case 8: KIA

Personal Information and History

KIA was born in 1954 in Kagera region in family that a father had a total of 23 children from many wives. Her mother had only two children: KIA and with her older sister. KIA studied primary school in a village for seven years. After that, she got opportunity to continue with secondary education in town. However, after from four she did not get the chance to continue with college or high school. With the form-four education she got a job in an organization, in which she worked there for more than ten years. In 1990, she joined a college, in which she got a diploma in Materials Management. With that knowledge of materials management, she got as a storekeeper in a secondary school; the job she is still doing it up now.

I asked KIA of her job aspiration, when she still studying. KIA said that, she wanted so much to be a banker. After form-four education, she applied for the job in a bank, but KIA said that, a bank manager gave her a difficult condition if she wanted a job. *I think you understand what I mean.* Therefore, that she decided to look for another job, in which she got a job in another Company.

KIA is married, and having five children; four of them have finished schooling and are employed. One of them is in the University. Her husband is a College tutor.

Business Information

KIA is engaging in a poultry business. She started this business in 1987 with capital of TZS 50,000. KIA got this capital from her savings, since she was working. From 1987 to 1996, her poultry business did not expand much. Although she was getting some profits, all the profit was used in basic needs. In 1996, KIA joined PRIDE, in which she got a loan for TZS 50,000 to increase her working capital. Her repayment of loans has been very good. She is now in a loan cycle of TZS 7,000,000. By using loans from PRIDE, the capital has increased from TZS 50,000 to 5,000,000. Regarding employees, KIA said that, she has two employees. She is making a profit of TZS 724,000 per month.

We asked KIA if her business is registered. KIA said that, most of the poultry businesses are not registered since they have been conducted at home. Therefore, her business is not registered.

Business Performance and Growth

Regarding business success, KIA said that, through her poultry business she has been able to accomplish many things that they could not do with only salaries they get. They have been able to build a modern house; have been able to educate their children at the University level, and they have bought two cars: pick-up and a saloon type. Pick-up car is for business purpose, while another car is for family use. Another success in that, she has started another business (a retail shop), with capital of TZS 5,000,000.

KIA said that, the key success factor for her business is loans from PRIDE. She said that, when you have a loan, it makes you to work very hard, as you are supposed to repay every week part of your loan. Therefore, with that spirit, she has been able to achieve all of that. Apart from that, her husband has been of great help and support in this

business. She is saying that, if her husband would not have supported her, she would not have been able to achieve that performance.

Social Capital and Networking

Apart from been a client of PRIDE, KIA is also a member of a SACCOS in her working place. KIA said that, she once took a loan from the SACCOS. Otherwise, she is not a member of any other associations.

Future Plans

KIA is planning in five years to come that she should have a wholesale shop, selling household items. She is also planning to start a stationery services business. Those are the two businesses, which KIA is admiring to have them. Regarding on how to achieve these plans, KIA said that, through her savings and loan from PRIDE, she is sure that one day she will own those businesses.

Challenges

KIA said that, for poultry business (selling eggs), the most challenges are diseases, limited market, thieves, and unfaithful workers. Therefore, in coping with diseases, she has to give treated water to the chickens; and is to make sure that building where you keep the chickens is clean most of the time. In coping with the challenge of thieves, she has built a permanent building that is not very easy for thieves to break in. In relation to limited market, KIA said that, she is making sure that; she has three batches of chickens that help her not to finish the stocks when customers need eggs. Therefore, always I have eggs to sell. This helps not to lose the customers I have established. Regarding unfaithful employees, she used relatives as employees.

Case 9: MWA

Personal Information

MWA is a female entrepreneur who is 43 years old, engaging in an informal business based in Dar es Salaam. MWA was born in Iringa region in a family of six children. She was the second child in her family. Her parents were peasant farmers, who did not have enough money to educate their children to secondary schools. All of the children have only standard-seven education. However, MWA could not even finish standard seven; she said that, she reached only standard five. The reason for that was her father was very sick; she had to drop out from school to help her mother in taking care of the sick father and her young siblings.

After a certain period, MWA was married to a man who was working as truck driver. In 1976, they moved to Dar es Salaam with her husband. MWA said that, they had a comfortable life, until when her husband got a car accident in 1981. The accident made him to paralyze the whole body, and he needed help in everything. After that accident, MWA had to find something to do in order to provide basic needs for her husband and

her three children. Thus, she started a business of selling bites made of cassava; the business she is still doing it up now. She started this business in 1988.

Business Information and Financing

MWA does not remember how much the capital she started with in 20 years ago. However, in five years ago, she had a capital of TZS 60,000. Currently, the working capital for her business is at TZS 100,000. However, MWA said that, *“the increase of capital is not the expansion of business; but the increase of capital has been caused by the increase of costs of items. Thus, the size of the business is almost the same in all these years”*.

In financing her business, MWA has been able to secure a loan from MFI known as FINCA. She started with a loan of TZS 50,000 in 2006. Currently, she has a loan of TZS 200,000. Generally, her business is for survival. We asked MWA about her business performance; MWA said that, *“The success is there as I have been able to provide the basic needs to my sick husband and my three children.”*

Future Plans

Regarding future plans, MWA said that, she wished if she could build her own house. In relation to her business, MWA also said, she wants to change this kind of business, into another business. However, MWA did not know exactly what kind of business she would like to start. As she said that, *“I am not sure, may be a retail shop”*.

Case 10: KIO

History and Personal Information

KIO by tribe is Luguru from Morogoro region. She was born in a village in 1952, but she studied primary school at one of the schools in Morogoro town. She was living with her older sister, who was married and they were living in Morogoro town. Her parents did not have any education, and they were peasant farmers. After primary school, she did not perform well to continue with secondary school. However, her sister decided to pay for a private secondary school. When she was in form-two, she got pregnancy; therefore, she could not finish her secondary education. After a while, she got married to a man whom they got four children together.

Regarding her employment experience, KIO did have a job as a telephone operator at Police department in Dar es Salaam. She worked there for 6 years, until when they moved to Morogoro with her husband. In Morogoro, she got a seasonal job at Cigarette Company in a sorting department for 3 years. In 1995, she decided to start her own business, so that she can be able to support her husband to taking care of the family.

We asked KIO, about her job aspiration when she was young. This was her answer, *“when I was a small girl, I admired so much to become a nun. However, my ambition was changed when I was in secondary school. I wished if I could be a medical doctor. Nevertheless, all my ambitions were shattered when I got pregnancy. I could not continue with my education, instead, I got married”*.

Business Information

Mama KIO is having an informal retailing business: a kiosk, in which she is selling food items and second-hand clothes. She does her business outside her home. She started

this business in 1995, in which she was only selling food items. However, in 2002, her husband died and she was left with four children to take care. Therefore, she decided to expand her business, and started buying second hand clothes from Dar es Salaam and sells them in Morogoro.

KIO started her business of selling food items with a capital of TZS 35,000. Her husband, who was also engaging in other small businesses, provided this start-up capital. In 1996, she decided to join PRIDE so that she can get a loan to increase her working capital. She started with a loan of TZS 100,000. KIO said that, her business is doing very well, and she has been able to repay all the loans she has taken, and was able to reach a loan size of TZS 1,000,000. However, at certain point, she got sick for a quite some time, and she could not work in her business. Due to that, her business was destabilized, and she could not make any good sales as she used to do. Therefore, she had to stop to take the loan from PRIDE, because she was not in position to pay the loan at a specified period. However, after she recovered from sickness, she decided to start over with the PRIDE and took a loan of TZS 50,000. Currently she is doing well; she has a loan of TZS 500,000.

In terms of employees, KIO has two young boys who are helping her to sell second-hand clothes during auction days. In Morogoro region, every month, at a certain village, there is a market day, in which people do gather to sell and buy different things. The two employees of KIO used also to go to these villages to sell second-hand clothes.

Performance and Growth

In terms of performance, KIO is saying that, her business is performing well. In general, there are two types of businesses of which she owns: the business for food items and the business for second-hand clothes. For food items, she buys the items, which cost TZS 55,000 per week, and she is making a profit of TZS 45,000. For second-hand clothes business, she buys the clothes worthy TZS 200,000 per month, and out of that she can make a profit of TZS 100,000. Therefore, currently the financial capital for her business is TZS 255,000, and she is making a profit of 280,000 per month. Since this business is main source of her income, she is using most of her profit for family basic needs. Currently, she is living with her youngest daughter, who is 20 years old. By using profit from the business, she has been able to build a small house, which has two rooms. She is also saying that, formerly she did not have water in her house, but due to this business, she has been able to get water tap outside her house. Apart from that, she has also been able to pay school fees for her daughter, who is still in a secondary school. She also said that she has bought modern utensils for her home. Therefore, according to her, the business is performing well.

When asked the key factor for the success she has acquired, she said that, it is the loan from PRIDE that has helped her to do all those things. Without having enough working capital, she could not be able to do all those things she has done.

Social Capital and Networking

Regarding networking, KIO is a member of political party – CCM. She is a secretary of UWT at the ward level. When asked how does she benefit from this membership? She answered, “When we meet we share some different ideas which might be of use in my business”. Apart from that, she is a member of SACCOS, which has been started by UWT members. The benefit of this is to borrow money when you need. KIO has not borrowed money yet, but she has some shares in that SACCOS.

Future Plans

KIO has plans to improve her business. She said that, she wants to expand her kiosk, so that it can be a registered shop. When asked, what kind of strategies does she have in expanding her business?” She said, “I have started improving my kiosk, and I have started looking for information on how to get a place at Saba Saba market area, so that I will start selling second-hand clothes there” (Saba Saba market is special market for second-hand clothes, mostly on Sundays).

Apart from improving the existing businesses, she also has other plans in future. She wants to start a poultry business, and she wants to engage in farming. She wants to cultivate maize and paddy for a purpose of business. She has planned to go for farming next year. I asked KIO, when she would execute all these plans. KIO answered, “I am planning to go for farming next year (i.e. 2009)”. For poultry business, she did not have any specific period of starting the business.

We also asked KIO of specific goals she had when she started her business. She answered; *“the first reason of starting this business was to support my family in basic needs. However, I also wished if I could be able to build my own house, the thing, which I have started. So far, this business has helped a lot: I am able to support my family in basic needs and I have started building my house. Therefore, in general I have achieved the goals, though not yet fully.”*

Challenges

We asked KIO of the Challenges she has faced in her business, and she answered: *“the biggest challenge is getting someone whom you can trust in business to work for you is very difficult. Most of young men are not faithful, and they may just disappear with your money. This makes my business to stagger a little bit.”* In handling this challenge, I try to find some young men that I know of whom I can trust, though it is not easy.

Samenvatting (Summary in Dutch)

Het belangrijkste doel van deze studie is te onderzoeken welke rol ‘habitus’ speelt in het verklaren van gender verschillen in de groei van kleine ondernemingen. De reden voor deze studie is dat er weliswaar in de gehele wereld een toename is van het aantal bedrijven in bezit van vrouwen, maar dat de bedrijven van deze vrouwelijke ondernemers zich vooral concentreren in de groep van (hele) kleine bedrijven. Door de toename van het aantal vrouwelijke ondernemers is er ook een toename van studies naar vrouwelijk ondernemerschap. Deze studies hebben echter geleid tot een aantal tegenstrijdige resultaten voor wat betreft het verband tussen gender en business growth.

Deze studie is geïnspireerd door Bourdieu’s theoretisch framework en zijn concept *habitus*. Habitus, is gedefinieerd als een ‘system of lasting and transposable dispositions that, integrating past experiences, functions at every moment as a matrix of perceptions, appreciations and actions and makes possible the achievement of diversified tasks (Bourdieu, 1990). Volgens Bourdieu wordt habitus ontwikkeld in de kindertijd wanneer een mens in toenemende mate begrijpt welke plaats hij/zij inneemt in de sociale structuur. Door continue socialisering onder verschillende sociale condities, ontwikkelen individuen ambities, carrières en aspiraties (Bourdieu, 2001)

Bourdieu’s framework is toegepast in studies die het verschil in onderwijs prestaties onderzoeken (DiMaggio and Mohr, 1985; Dumais, 2002; McClelland, 1990). Voor zover wij kunnen nagaan zijn er geen studies die Bourdieu’s framework hebben toepast om verschillen in prestaties van ondernemers te analyseren. Dit is opmerkelijk omdat dit model ook relevant is om verschillen in prestaties van ondernemers te begrijpen. Deze studie probeert een bijdrage te leveren aan deze leemte in de literatuur door na te gaan in hoeverre habitus een rol speelt in het verklaren van de prestaties van bedrijven.

Dit onderzoek begint met een beperkte ‘multiple case study’, met als doel de habitus van de eigenaar met betrekking tot het bedrijfsresultaat en groei in beeld te brengen. De tien onderzochte bedrijven laten zien dat door het

socialiseringsproces in de kindertijd, eigenaar-bedrijfsleiders een ondernemende habitus ontwikkelen. Ondernemers van lagere afkomst hadden gemiddeld geen hoge groei aspiraties, terwijl ondernemers afkomstig uit de middenklasse hogere aspiraties ten aanzien van groei hebben. De resultaten laten ook zien dat ondernemers met een rol model en behorende tot de Chagga ethnische groep zich makkelijker de vaardigheden aanleren en gebruik maken van kennis in hun familie, waardoor zij beter kunnen presteren. De cases laten ook zien dat de omvang van het financiële kapitaal alleen geen garantie is voor een goed resultaat. Financieel kapitaal moet gecombineerd worden met een ondernemende habitus om een hoge groei te realiseren. De studie laat ook zien dat vrouwelijke ondernemers het bedrijfsresultaat meten in termen van persoonlijke doelstellingen. Er is geen focus op financiële groei; belangrijker zijn doelstellingen met betrekking tot persoonlijke ontwikkeling en hun rol in de familie.

De kwalitatieve resultaten uit de 'multiple case study' worden bevestigd door de kwantitatieve resultaten. De analyse van een dataset met gegevens van 309 ondernemers laat zien welke invloed cultureel, sociaal en financieel kapitaal hebben op de groei aspiraties van de ondernemer en dat er gender verschillen zijn waar te nemen (logistic regression analysis). De resultaten laten zien dat de groei aspiraties van ondernemers beïnvloed worden door de sociaal-economische status van het gezin in de kindertijd, de sociale omgeving, rolmodellen, ethnische achtergrond, onderwijs niveau en de omvang van het beschikbare kapitaal. De analyse van gender verschillen laat zien dat vrouwen lagere groei aspiraties hebben dan mannen.

Vervolgens is de invloed van cultureel, sociaal en financieel kapitaal op de groei van de onderneming verder onderzocht en is nagegaan of de relatie tussen het type kapitaal, gender, en groei van de onderneming wordt beïnvloed door habitus (aspiraties, percepties, en acties). De resultaten laten zien dat de kans een hoge groeivoet te realiseren samenhangt met de aanwezigheid van een rolmodel in de familie, een Chagga achtergrond, wonen in de stad, en opgroeien in families met een hogere sociaal economische status. Groei van de onderneming is ook gerelateerd aan eerdere arbeidservaring, beschikbaarheid van kapitaal in de startfase en toegang tot leningen. Met betrekking tot de rol van habitus laten de resultaten zien dat habitus gedeeltelijk de relatie tussen soorten kapitaal en groei beïnvloedt (mediation).

De resultaten van deze studie laten zien dat de wijze waarop mensen de wereld percipiëren en de wijze waarop zij hun aspiraties en ambities

ontwikkelen is gebaseerd op de kennis en vaardigheden die hen is bijgebracht toen ze jong waren. De sociale omgeving en de aanwezigheid van rol modellen zijn belangrijk in de vormgeving van aspiraties van mensen. Dit gegeven is belangrijk voor het beleid. Om de aspiraties van ondernemers te stimuleren, kunnen de overheid en de organisaties van het bedrijfsleven, workshops en trainingen organiseren voor bestaande ondernemers (succesvolle, niet-succesvolle en startende). Het bijwonen van deze trainingen en workshops, informele en formele scholing en het lidmaatschap van organisaties om te netwerken, kan de ondernemers vaardigheden verbeteren en hen inspireren hun onderneming te laten groeien.

De resultaten hebben laten zien dat onderwijs van belang is voor groei aspiraties van de onderneming. Hoe hoger het niveau van het genoten onderwijs, hoe hoger de groei aspiraties. Weinig afgestudeerden van de universiteit kiezen echter voor het oprichten van een eigen bedrijf. De aanbeveling wordt gedaan dat beleidsmakers ondernemerschap en het starten van een eigen bedrijf in het hoger onderwijs in Tanzania stimuleren. Studenten van de universiteit moeten scholing krijgen op het gebied van ondernemerschap en het belang van ondernemerschap voor economische ontwikkeling begrijpen. Zij zouden moeten worden aangemoedigd ondernemer te worden en niet afhankelijk te zijn van een werkgever. De overheid van Tanzania zou hoger onderwijsinstellingen kunnen stimuleren door ondernemerschap in de onderwijsprogramma's voor studenten op te nemen

De resultaten laten zien dat vrouwen minder gemotiveerd zijn hun ondernemingen te laten groeien. De resultaten van deze studie duiden erop dat hun ervaringen in het socialisatie proces hun aspiraties hebben beïnvloed. Daarom wordt voorgesteld dat overheden programma's ontwikkelen om ouders te stimuleren jongens en meisjes een gelijke behandeling te geven en alle vormen van discriminatie van meisjes te ontmoedigen omdat dit invloed heeft op hun toekomstige aspiraties en carrières.